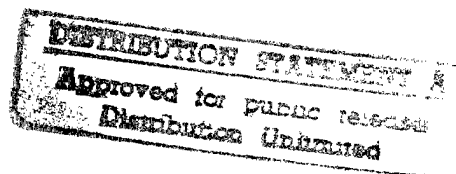


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# West Europe Report

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18 October 1983

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## CONSERVATIVE GIVES VIEWS ON SCANDILUX SOCIALISTS' TNF STAND

Oslo AFTENPOSTEN in Norwegian 21 Sep 83 p 2

[Editorial: "Dangerous Reversals"]

[Text] Intelligent people are using a lot of time and energy to apologize for and explain away the decision they agreed to in 1979. West European Social Democrats are hard at work rewriting history.

That was the clear reply from American Deputy Defense Secretary Richard Perle when he was asked to comment on his talks with Social Democratic leaders in the small NATO countries, the so-called Scandilux group. It was our impression that Richard Perle spoke with care and politeness, especially compared to the characteristics that emerged at the Social Democratic press conference on Monday and from leading Labor Party circles after Perle's speech to the Oslo Military Society.

It has been shocking to see how the Labor Party in this country and in other West European nations has deliberately drifted away from NATO's dual decision of 1979. This was predicated on negotiations with the Soviet Union on reducing, preferably eliminating, the land-based nuclear threat in Europe. If it proved impossible to get the Soviet Union to agree to reducing its own superior nuclear forces, new nuclear weapons would be deployed in the West--with the idea of restoring the balance. It is in line with this strategy that the western powers are negotiating with the Russians in Geneva.

Before the rewriting of history really takes hold, we would like to remind our readers that it was the Social Democratic Schmidt government which as early as 1977 and with no protest from Willy Brandt proposed a clear western nuclear response to the Soviet SS-20 missiles in an overture to the Carter administration. At the NATO meeting in December 1979, where the dual decision was made, the Nordli government presented a position along the lines of Helmut Schmidt's. It was framed as a two-sided resolution with a negotiation clause due largely to Danish opposition to a one-sided nuclear resolution. The draft of the decision was written in Norwegian handwriting and in all circles there it was assumed that the Nordli government felt a special responsibility for following up on the decision that was agreed to.

Now former West European government parties are telling our most important alliance partner and guarantor of freedom that it would be a "historic blunder" to deploy the response to the Soviet Union's modernized weapons. And to top it all off, the United States hears that the government parties from 1979 view with sympathy and intend to support the demonstrations that are being threatened throughout "a warm autumn."

Where do former Prime Minister Odvar Nordli and former Foreign Minister Knut Frydenlund stand after the serious events at the Scandilux meeting? Are there no longer any leading Labor politicians who will concede that the situation is basically the same as it was in December 1979?

In this country this matter will affect the debate on security and defense policy leading up to the fall of 1985. The government parties should no longer handle the Labor Party as cautiously as they did during this year's election campaign.

6578

CSO: 3639/1

## PAPER HITS OLESEN FOR RENEGING ON EUROMISSILE COMMITMENT

Copenhagen BERLINGSKE TIDENDE in Danish 16 Sep 83 p 10

[Editorial: "A Word on Political Morals"]

[Text] Former Minister of Foreign Affairs Kjeld Olesen recently referred to former Federal Chancellor Helmut Schmidt as evidence that social democrats of all sorts may change their position on the two-track decision on missiles when they go into opposition. He admitted that socialists in power, such as the French and the Italian socialists, stick to their country's adoption of the plan, but German Social Democrats as well as other West European sister parties share the position of the Danish Social Democratic Party, Kjeld Olesen said.

It is not as simple as that, for it is not as simple as the Danish Social Democrats make it out to be to drop the policy which underlies the two-track decision. The German Social Democrats find it extremely difficult to shift to a different position and to oppose the deployment of missiles if no agreement is reached in Geneva. The party line has been only to take a position when the Geneva talks have been concluded, at an extraordinary party congress to be held in November. However, conflicting views are at work within the party, and the decision last Sunday at a congress of the West German Social Democratic Party in the constituent state of Baden-Wurttemberg to oppose the deployment of missiles now has resounded within the party leadership in Bonn, which even Kjeld Olesen presumably is able to hear.

During the long debate last Wednesday in the Social Democratic Federal Diet group, Helmut Schmidt quite clearly adhered to his endorsement of the two-track decision. His basic view was and still is that the balance of strength in nuclear arms has ensured that it did not come to war between the superpowers, and he wants the party in opposition to stand by its commitment from its time in power. The leaders who have influenced the party's earlier decisions will have to recognize them everywhere and will have to keep "speaking with the same voice;" he referred to it as a question of civil courage, self-respect, and political morals." And he warned the party that it will lose its political efficiency if it shifts to a negative attitude toward the operative part of the two-track decision prior to a clear outcome of the Geneva talks. And Schmidt apparently still believes in a positive result.

There are other viewpoints than that of Schmidt, but within the party group the majority still holds the same position as he does. Willy Brandt, who is the party's national chairman, keeps the doors open to all positions at the same time, and Hans-Jurgen Vogel, the new parliamentary opposition leader, adheres to the tactical liberty of postponing the decision. It is entirely possible that Helmut Schmidt's position will be outvoted at the party congress in November. Positions are in motion everywhere this fall. However, people will be listening to him when he argues in favor of his position at his congress as he did in Bonn. And nobody will be able to say that he sways in the wind, running after easy positions the way the leaders of the Danish Social Democratic Party do.

CSO: 3613/6  
7262

NORWEGIAN OIL FIRM PUSHING EXPORT DRIVE IN SWEDEN, DENMARK

Stockholm DAGENS NYHETER in Swedish 21 Sep 83 p 8

[Article by Olle Rossander: "Norsk Hydro Concentrates on Nordic Countries; Wants to Sell Oil to Sweden"]

[Text] Norsk Hydro wants to become one of Sweden's largest oil companies and wants to take market shares from the major international oil companies.

Despite the shrinking Swedish oil market in recent years, the Norwegian oil company is making a major effort in Sweden and is aiming for about 10 percent of the gasoline market.

This would make Norsk Hydro one of the four or five largest oil companies in Sweden.

"Our goal is to become as big in Sweden as we already are in Denmark," says Sven Arild Andersen, managing director of Norsk Hydro Oil Corp.

The reason for this is the extensive oil resources of Norsk Hydro in the North Sea and the demand for acquiring a larger market for selling its oil products.

"Sweden is a domestic market for us," director Andersen says in connection with the moving of the company's main office from Goteborg to Stockholm and the fact that it is starting actively to sell oil and gasoline in central Sweden as well. Up to now Norsk Hydro has mainly been found on the west coast.

Within a few years Norsk Hydro will have its own crude oil production, which will be far larger than the company's refinery capacity and market today.

"We must acquire both refineries and a market. Where we are going to have our refineries, whether that will be in Sweden, Norway or Denmark, we do not yet know. That will be a question of profitability," Sven Arild Andersen says.

One of the biggest problems for Norsk Hydro in connection with breaking into the Swedish market is the regulations for emergency storage of oil.



"That is an exclusive obstacle. We must keep about 40-50 percent of our sales volume in oil storage according to the law, and these storage tanks are to be built now that oil costs 29 dollars a barrel. The Swedish companies have expanded their storage over a long time, partly financed by the state, and when oil cost 2-4 dollars per barrel."

"Furthermore, now that demand is shrinking they can sell from these stores at 28-29 dollars per barrel at high profit. It is very difficult for us to cope with these kinds of obstacles," director Andersen says.

In Norsk Hydro's opinion it is wrong to pose such difficult demands. Getting oil from the North Sea instead of from the Middle East ought to be a major advantage from the viewpoint of emergency preparedness.

One of the preconditions for the ability of Norsk Hydro to grow so big in the Swedish market is that one of the major international oil companies withdraws from the Swedish market. And perhaps leaves behind a refinery as well.

Several of the U. S. companies are reducing their engagement in Europe today. Gulf has sold out to the national oil company of Kuwait.

11949

CSO: 3650/302

## PETROLEUM UNION PRESIDENT'S REPORT ON ENERGY

Rome RASSEGNA PETROLIFERA in Italian 25 Jul 83 pp 681-688

[Speech by the president of the Unione Petrolifera (Petroleum Union)]

[Excerpts] The National Situation

The Italian situation constitutes, in the serious international economic situation and in the absence of a European collaboration policy, an even more disturbing case.

The recession phase that started in the middle of 1980 was accentuated in 1982, extending to fixed investment and lasting beyond the duration of the preceding cycles.

For the first time since 1972, employment dropped, since the services sector did not completely absorb the reduction in the number of employed persons in agriculture and industry.

Unemployment, not including those employees coming under the Wage Supplement Fund, has gone over the 2-million mark and 9 percent of the labor forces. In the first months of 1983, it continued to increase.

In the last 3 years, the imbalance of our overseas accounts has been the greatest among the major industrial countries.

In addition to sharing several of the profound malaises that beset the other countries, Italy is manifesting other calamities and dysfunctions that make its current condition more serious.

Furthermore, the dramatic characteristics of our economy fundamentally prejudice the possibilities of revival that can nevertheless be perceived in other nations.

First of all, there is inflation, which remained at very high levels in 1982 and also considerably widened the gap between it and the sharp decrease in inflation in the industrialized countries.

Between the peak reached after the second oil crisis and March 1983, the rate of increase of prices at the consumer level, measured 12 months later, fell from 14.6 to 3.6 percent in the United States; from 8.7 to 2.3 percent in Japan; from 6.8 to 3.5 percent in the FRG; from 14.3 to 9.0 percent in France; from 22.6 to 4.6 percent in the United Kingdom. In Italy, inflation has stayed in the double-digit range and has dropped only to 16.3 percent.

Secondly, there is the devastating and growing public deficit, which, being itself an important cause of inflation, continues to absorb huge resources, often unproductive, and to suffocate the vitality and the necessity of growth of the system.

The deficit of the extended public sector was Lit 79.6 trillion in 1982, exceeding by nearly Lit 30 trillion the amount fixed in the "Forecast and Programming Report." The 16.9-percent population [as published] of the Gross Domestic Product that it represents is the highest since the postwar period.

The deficit of the public administrations, on the average for the last 5-year period, has gone over 10 percent of Gross Domestic Product in Italy, while in the six other principal industrial countries it has been between 1.1 percent in the United States and 4.5 percent in Japan. The disparity is being reduced but remains wide, if the interest expenses are subtracted from the deficit.

The obligation to cover the expenditure decisions, as stipulated by the Constitution, is currently devoid of any content.

In the third place, there is the cost of labor per product unit, which, despite the agreement of January 1983, is continuing to grow at real rates that are higher than those of the other industrialized countries.

Fourthly, there are the delays and the entanglements in the laying-down of a policy of industrial reconversion, one that would give a push to technologically advanced sectors and would upgrade a productive apparatus that otherwise is headed backward to the level of those of the third World.

These negative factors, if not rapidly eliminated, could be fatal.

The most recent information shows an economy still in recession; profoundly imbalanced public finances; and a costs and prices system impermeated by unrelieved tensions and aggravated by the continual rise of the dollar.

In the first months of 1983, industrial production decreased again from what it was at the close of 1982, the unemployment rate has recently topped 10 percent, and the public deficit is heading toward Lit 90 trillion.

As happened in 1982, the easing-off of prices at the manufacturing end, anticipated for the middle of 1983, originated with the deceleration in the external components of costs--a deceleration that the world recovery could cause to fizzle out.

## The Italian Energy Framework

During 1982, Italian energy demand dropped 2.6 percent from 1981.

The drop came exclusively in oil demand, which decreased 5 percent, to about 90 million tons.

For the third consecutive year, a drop in Italian oil consumption was registered, to an overall figure of 12 percent for the 3-year period.

The drop, however, is the consequence of an adaptation imposed by stringent conditions (economic crisis, rise in prices) or initiatives taken autonomously by private interests (conversion of plants from oil to coal; introduction of equipment with higher energy efficiency).

In other words, it is not the result of a policy for conservation of energy and diversification of sources.

Italy's energy dependence on outside sources continues to be very high (82 percent), and furthermore, it is concentrated on hydrocarbons, oil in particular.

The current proportion of oil (66 percent) in coverage of the national energy needs is the highest among the industrialized countries today. Besides, it is essentially imported oil.

From 1972 to 1980, the cost of energy for industrial uses doubled in real terms, while it increased by less than 50 percent in the rest of Europe. In the 8 years from 1972 to 1980, Italian industry experienced a 99-percent increase in the cost of energy in real terms, as against 44 percent for France, 39 percent for the FRG and 31 percent for Great Britain.

In addition, Italy is the only country of the European Community in which the dynamic of the prices of the energy used for production purposes has been stronger than that of the prices for the energy used for domestic purposes.

As regards electrical energy in particular, while the Italian domestic rates are the lowest among the European countries, for reasons of a political nature, the industrial rates (except for several assisted sectors) are among the highest, with negative effects on the competitiveness of our industrial apparatus.

The gap is especially wide vis-a-vis France, where production of energy from oil, whose production cost is high, is very limited.

It is therefore more urgent and necessary than ever for the expected increase in energy demand to covered entirely, in future, from nonoil sources--nuclear energy and coal in particular.

Despite the drop in the quantities imported and the reduction of the cost of crude in the spot markets, 1982's oil bill totaled Lit 28.6 trillion, which is

more than four times greater than the negative side of the balance of current payments. In monetary terms, the increase was 4 percent over that of 1981.

In real terms, though, there was a slight drop, the first since 1978. And the drop would have been greater if the dollar, with which oil transactions are carried out, had not recently appreciated.

In 1983, on account of the decrease in the /official/ quotations for crude and the foreseeable contraction of demand, the oil bill could have decreased considerably, in both monetary and real terms. But the recent rises in the dollar threaten to cancel any savings.

For the oil operators as a whole, the income from 1982's importations of crude oil was about Lit 2 trillion less than their costs.

Along with this deficit situation, there is the one of a financial nature deriving from the debts contracted with the banks.

Half of the Lit 2-trillion operational loss is attributable to the private sector, and the other half to the state company.

According to the statements made last December by the then president of the ENI [National Hydrocarbons Agency], the state company lost more than Lit 30,000 per ton in 1982, which results in a loss of about Lit 1 billion, the ENI having imported about 32 million tons of oil in that year.

And these losses are in addition to the equally huge ones of 1981. The overall economic account of the Italian oil industry, public and private, closed in 1981 with operational losses of about Lit 2.3 trillion, about Lit 800 billion of which was on the private side. Indeed, the ENI special commissioner, Gandolfi, himself evaluated the 1981 losses of the public firms at Lit 1.5 trillion and Lit 37,000 per ton.

Very few production sectors have registered such heavy losses in recent years.

In addition, the private oil sector has never received, or asked for, privileges or assistance. We have only asked, albeit in vain, for equitable treatment, which is more necessary than ever because of the great instability and high risks that have characterized the oil market for years.

It should be stressed that 1982's operational losses were due essentially to the course of the international market, which imposed prices that compensated exclusively for the cost of the spot sales, and not for the cost--a higher one--of the crude purchased at /official/ prices.

The negative course of the economic situation, though shared also by the oil industry of a large proportion of the European countries, has nevertheless had far more serious effects for Italy, inasmuch as it has been added to a structural crisis that has been in progress for years and that is not paralleled in other countries.

Indeed, a decade has ended that was characterized by two very serious oil crises that caused a widespread international economic recession and led all the industrialized countries to take fast action.

Those 10 years necessitated prompt definition of new strategies and the application of urgent measures.

But inertia, continual postponements and policies with excessive contingencies characterized this troublous period and aggravated our already difficult problems.

In this span of time, we worked especially under the pressure of necessity and the urgency of contingencies, and also adapting to the fear of change and the resistance to change.

Italy thus remained for a long time without an effective Energy Plan.

It has retained a dependence on oil far greater than that of all the principal industrialized nations. It has built up enormous lags in the development of alternative sources--lags that will certainly condition the nature of the future period.

The big energy firms have suffered a financial and operational deterioration.

The ENI reported overall losses totaling about Lit 1.7 trillion for 1982--10 times higher than those of 1981. And the losses would have been greater had it not been for methane income, estimated at about Lit 1.4 trillion. Debt exceeded Lit 19 trillion.

Furthermore, the ENI has in 4 years suffered six traumatic changes at the top. It is only recently, with the appointment of Prof Reviglio, that it seems to have acquired the indispensable stability.

The ENEL [National Electric Power Agency], though reducing the total, suffered losses of Lit 2.432 trillion in 1982, while debt went to Lit 22 trillion.

The industrial strategy of the energy firms had to obey the political imperatives, which have increasingly run counter to the primary objective of sound managerial balance.

Inertia and excessive restrictions of political origin have particularly affected the oil sector, with the absurd price freeze, the exacerbation of the taxation rules, the heavier operational procedures imposed and the related financial costs imposed in connection with them and, not rarely, the failure to apply the rules approved.

The harmful effects are obvious to all.

Along with the crisis of the energy agencies, there has been an even more acute crisis of the private companies.

Burdened down by huge undeserved losses, lacking any faith in an arbitrarily managed system that does not ensure the minimal elements indispensable for formulating forecasts and determining expectations, the private operators have for some time, in various forms, been in a process of disengagement from Italy.

The market share of the private oil firms in Italy has dropped from 83 percent in 1972 to about 50 percent in 1982.

In parallel, the ENI's market share increased from 15 percent in 1972 to 40 percent in 1982. The remaining 10-percent of market share has been covered by imports by the direct users, the ENEL in particular.

In the sector of the supply of crude, the trend has been even more symptomatic. In 1982, the ENI jumped to 49 percent, from the 10 percent of 1973. The private firms dropped to 51 percent in 1982, from the 90 percent of 1973.

Two giant multinationals--Shell and BP [British Petroleum]--have gone away, followed by numerous other companies--CONOCO [Continental Oil Co], Cities Service, Getty Oil, Marathon Oil.

The Monti Group and the SIR [expansion unknown] have disappeared from the market, and their place has been taken by the ENI.

In 1982 and in the first months of 1983, a new strong and unfavorable force has been superimposed on this process.

AMOCO [American Oil Co]--a big American company--has left the Italian market in recent weeks.

Two very big companies--Gulf and Mobil--have closed the Bertoni refinery.

Chevron, in a disturbing statement, has not ruled out the possibility of abandonment of the Italian market.

ESSO has reported unprecedented operating losses. And Total and other important companies have done the same.

All the private companies are forced to keep importing, processing and marketing activities to a minimum, working in the short-term mode from time to time.

Investments have been reduced, suspended or cancelled. And these are very serious measures that prejudice the future.

Analogous decisions will not fail to be made, at a faster rate, if an about-face capable of definitively putting the Italian operator on an equal footing with the European ones is not made in Italian oil policy.

This exodus and disengagement, which look as if they will continue, are matched, as was said, by an expansion--often a laborious one--of the state company, and a consequent weakening of those conditions that constitute the best guarantee of the security and economicity of supplies.

Not even the oil crisis of 1979 produced such radical turnabouts.

Even essential decisions, such as the national Energy Plan, passed by the Parliament for the second time, almost unanimously, in 1981, are encountering obstacles in their implementation.

It is nevertheless our duty to cite the fact that, even with much difficulty and hesitation, a few symptoms of change are to be noted over the last 18 months.

Several rate provisions aimed at alleviating the serious financial situation of the ENEL have been decided on.

The government has been given the power to decide on the siting of nuclear-powered and coal-fired power plants, and we hope that effective choices of sites and the directives for the new installations will follow shortly.

The Caorso nuclear power plant is going into full-scale operation. Law No 308, on energy conservation and development of renewable sources, has been passed.

In the oil sector, an initial examination, among various parties, for definition of a plan for restructuring the refining installations has been provided for.

The gasoil-price monitoring system has been approved, on an experimental basis and for 1 year.

The administered prices, especially in the delicate sector of gasolines, have been updated point by point in accordance with the method provided for.

But it is still an insufficiently rapid process, and one in which heavy shadow often overpowers a few gleams of light.

The matter of Algerian gas, concluding with Italian acceptance of a political, financial [as published] excess price, and, what is more, with funds made available through repeated levies against the price of gasoline and gasoil, is significant.

The approach to the oil problems has been even more problematic than this contradictory policy.

The important step forward represented by the extension of the monitoring regime to gasoil in July 1982 was immediately cancelled out by the imposition of very burdensome measures on the oil industry and by the almost complete deafness to the exigencies of this vital sector.

This insensitive and arbitrary behavior is deleterious, because it causes immediate and sizable economic damage--and even more because it confirms the operators' view that government policy is unreliable and unpredictable.

All this, in turn, is enormously harmful to the programming of future activity.



The firms have to cope with the risks of the market, which for some time have been particularly high ones. But an uncertain and unjust framework of regulations cannot be added to this hazard, in addition to the suspicion that that framework could be changed for the worst at any moment and without explanation, penalizing the Italian national sector as contrasted with the conditions under which the corresponding European firms work.

### Italian Oil Policy

Unfortunately, the government's policy has not given adequate and coherent solutions to the serious crisis which, in 1982 and in the first half of 1983, has continued to wear down the Italian oil industry profoundly.

For years we have been calling for a very precise policy, the only kind capable of stemming the decay and of constituting the premise for a recovery: thoroughgoing insertion of the Italian oil industry into the European context, establishing a full equivalency of operating conditions.

Indeed, it is not sufficient to grant equivalency in the price system if a parallel adaptation of the regulatory conditions and of the related costs is not ensured in parallel.

An adequate updating such as that would at least put an end to the uncertainty and vulnerability that have permeated the Italian framework, in which, on a number of occasions, irresponsible, extemporaneous and unmotivated actions have been associated with the enduring peculiarity of restrictions and penalizing conditions.

The government and the Parliament also seem convinced of the necessity of this adaptation, which is all the more urgent as the changes in the oil market accelerate.

Their action, though, has remained hesitant and suspended, as if between the search for a new course and the temptations of traditional practice.

This attitude, which has had grave consequences, was manifested particularly in 1982 and has grown worse in 1983.

In July 1982, extension of the monitoring regime to the price of gasoil was, as noted, granted on an experimental basis and for 1 year.

This was a notable action, one that led people to have high hopes of a greater awareness, from which further progress in the policy of linkage with Europe could be expected.

This wise initiative was immediately contradicted, though.

Almost at the same time as the monitoring for gasoil, the government adopted a decree, presented three times and changed into a law in November 1982, that widened the already broad space separating the Italian operational posture from the European one.

By virtue of this provision, applied as from January 1983, the oil industry must pay in advance, as the products leave the refinery, the taxes--according to a directive of the Council of Ministers of the European Community--happened with 30 days of delay [as published], or as much as is necessary for collection of them at the time of sale of the products.

This rule means, for the oil industry, an abrupt and irrecoverable loss of about Lit 220 billion per year. In addition, the industry is forced to pay in advance, once and for all, a sum of money in the amount of about Lit 1.3 trillion.

And this heavy and unjust burden is being applied to a sector that for some time has been going through a serious crisis, and that in 1983, moreover, will contribute about Lit 20.5 in taxes to the state budget, directly or indirectly.

Furthermore, the law contains new provisions--the source of burdens in the amount of more tens of billions of lire--that put drastic limits on the distribution system.

The totality of these rules has no equivalent in Europe, where a 30-day delay, on the average, is granted for payment of the taxes levied on the products.

And this unfortunately confirms the anomaly of our situation.

And the risk of another heavy burden hangs over the Italian oil industry, if the law on raising the amount of obligatory reserves from 90 to 100 days, application of which has been deferred to September 1983, should go into force.

More hundreds of billions of lire in burdens would be added to the nearly bankrupt budgets of the oil firms.

This policy will inevitably lead to further deterioration of the Italian oil industry.

It could be that certain circles do not have a precise perception of all this, and that things are therefore being done on the supposition that the oil sector possesses inexhaustible resources.

This is a serious and dangerous illusion. Reality has constantly demonstrated this in recent years. But it seems to go on.

Not even the news that various sizable firms have given up or are heading toward demobilization seems to teach anything.

Some point out that in certain cases, dynamics are involved that relate to the entire European chessboard.

This is not exactly true.

But it is true that the phenomenon in Italy has taken on, and will be able to take on, vaster proportions, and entails greater risks.

Whereas in Europe there may be partial changes of ownership situation, indicating little about the solidity of the oil and energy system as a whole, in Italy we have disengagements that already have important precedents and that have far more dangerous consequences.

Oil, indeed, has and will continue to have an important strategic role for our country, a far more important one than for other European countries, which can count on sizable hydrocarbons resources of their own or have incisively diversified their energy sources.

Italy in 1990 will consume around 90 million tons of oil, or as much as it is consuming currently. It will become Europe's biggest importer, though. As noted, its dependence on oil--and imported oil, to boot--is already the highest in the industrialized world today.

The role of oil--as is authoritatively pointed out by the national Energy Plan--will remain crucial in the Italian economy for a long time.

The priorities of security and economicity of supplies, for which a multiplicity of operators is a guarantee, especially those who work in an integrated cycle, remain unaffected.

And there is also a series of essential problems connected with this role, solution of which is urgent:

- the efficiency of the refining system;
- the achieving of a balance in the import flows (crude and refined products);
- maintenance of a significant role for exportation of refined products;
- rationalization of the distribution network, which at this time is hypertrophic;
- the excessively high margin of neutrality in adjustment of the prices of petroleum products;
- the necessity of extending the price-monitoring regime to gasoline.

The Annual Report of the Petroleum Union--an especially full one this year--dwells on these problems.

The climate of indecision and of continual potential for undermining that burdens the oil industry and that has been fully confirmed by the recent episodes certainly does not help satisfy the requirements cited.

This climate must be eliminated once and for all, and a policy capable of solving problems must be adopted for the vital oil sector.

In the first place, those recently adopted measures that run counter to the European framework and that constitute a real and groundless penalization of the companies operating in Italy must be repealed.

Secondly, the process of adaptation and equivalency of the Italian operating situation to the European one must be completed.

To that end, the system for monitoring the prices of gasoil must be reconfirmed definitively and the system must be extended also to the other products now administered, gasoline and LPG [liquid propane gas].

In this way, a coherent and balanced system of constant alignment of the Italian selling prices with the European average would be ensured, thus avoiding the possible delays and hazards of the administered-price system.

On the other hand, the monitoring system, which has already been in force for fuel oil for years, has demonstrated that it functions fully and correctly for gasoil also, quelling the doubts and insinuations initially expressed.

And if the Italian consumer has not been able to benefit from the consequent reductions, when the European average price took a dip, this is to be attributed to the exigencies of the tax-collectors, who in any case, and independently of the monitoring, have intervened to increase the taxes on petroleum products.

It is further demonstrated by the fact that this practice has been carried out mainly on gasoline, which has an administered price.

In addition to monitoring of all products, it is indispensable to determine a parity with Europe for the other essential factors involved: financial, technical-operational factors, etc.

The survival of the Italian oil industry depends today on elimination of the differences with the rest of the European countries.

The oil sector, whose cycle is articulated essentially on the international level, cannot be forced into a national context, with unrealistic and arbitrary normative obstacles.

Let us also keep it in mind that 92 percent of the value of petroleum products consists of crude, predominantly imported crude. And the price of crude, which, moreover, is in dollars, is not controlled by our country.

For too many years in our country, the oil industry has accumulated huge losses, which have been fundamentally affected by the shortcomings of Italian oil policy.

The time has come for courageously and farsightedly eliminating anomalies that are often unjust and incomprehensible.

This does not mean, as some have commented, that it is desired to start up a "wild" market, one without rules and dominated by arbitrariness.

On the contrary, a clear situation, formed by certain rules, is desired--an economically correct framework and one that takes the nature of the oil market into account.

This is for the protection of the operators and especially of the country, which would certainly be in serious difficulty with a maimed and nearly bankrupt oil industry.

Nineteen Eighty-Three marks the end of 10 years since the beginning of the so-called first oil crisis.

Two extraordinary increases in the price of oil--in 1973-1974 and in 1979-1980--have characterized these 10 years, which have changed the world, especially the energy panorama. Everywhere, but not in Italy.

After an unprecedented 25 years of economic growth within a framework of relative stability, the past decade has seen a generalized recession, further aggravated by very high inflation, extensive unemployment and widespread deficits.

The other industrialized countries have reacted to this upheaval promptly and successfully, on both the general economic level and the energy level.

Today a new cycle has started, and the recovery is taking firm shape.

The drop in the prices for crude that occurred in the spot market in 1982 and was confirmed in March 1983 with the lowering of the official prices has confirmed this hoped-for trend.

In Italy, though, these 10 years have gone by uselessly, and we find ourselves entering the recovery period in difficult conditions.

"What is the picture of Italy today?" asked the minister of treasury recently. And Gorla replied: "It is that of a country that has undergone a recession process, like the whole world. But while all the other countries have solved many of their problems, Italy has not managed to" (L'ESPRESSO, 5 June 1983).

Minister of Industry Pandolfi is thinking along the same line; he declared: "We are still in deep recession, while production and the economy are reawakening elsewhere" (IL GIORNALE, 17 June 1983).

And the national vice secretary of the relative-majority party, Mazzotta, has recently stated even more clearly: "We have on our shoulders the weight of 4 years of postponements, of policies unfulfilled, of decisions not taken and recovery not started--4 years that put our country in a solitary position, among the industrialized countries, in not having yet initiated and partly carried out a therapy of recovery" (IL GIORNO, 23 June 1983).

Figures are not opinions, and they testify to the truth of what is asserted by the ministers of treasury and industry and by the national vice secretary of the DC.

For the last 4 years--and in the last 2 especially--we have been one of the few countries of the industrial West [as published] with the highest rate of inflation, the highest rate of unemployment, the lowest rate of growth of domestic product, the highest percentage of public expenditure in relation to

national income, the highest rate of public debt, the lowest percentage of productive investment, the highest budget deficit, the most fragile balance of foreign payments, the highest rate of indexing.

Italy is the only industrialized country in which inflation has always been in the double-digit range--i.e., 10 percent or more--since the beginning of the first oil crisis, of 1973.

If nongovernment and misgovernment have characterized the sector of the economy for years, the same can be said for the energy sector.

The Energy Plan and its fundamental objectives--security and economicity of supplies--were approved by the Parliament almost unanimously, for the second time, about 2 years ago.

For achieving the objectives set out, the Plan also stipulates the instruments: diversification of the energy sources and of their geographic origin.

Everyone is in agreement both on the objectives and on the instruments. But nothing, or almost nothing, is happening.

In 10 years we have ordered only one nuclear power plant.

The contribution of nuclear energy is, and will remain for a long time, among the lowest in the industrialized world, whereas we need it more.

The electrical energy produced with nuclear power today amounts to about 4 percent, while that produced by fuel oil is more than 50 percent. In both cases, the EEC average is about 14 percent.

And thus our energy dependence on sources abroad is still 82 percent--about 40 points higher than the EEC average--while dependence on oil at 66 percent is higher than about that of the EEC as a whole [as published]. Furthermore, it is almost all imported oil.

As was said, the Energy Plan assigns a crucial role to oil in Italy. This role is becoming even more important in the face of the enormous delays in development of alternative sources.

Yet the oil industry is permitted to deteriorate. Its very conditions are getting worse because of absurd and unjust interventions that are removing it farther from Europe, which is the reference for our pricing method and therefore for our structure.

What is needed, on the contrary, is swift and resolute action, and especially action capable of reestablishing the faith that is now fundamentally undermined by past experience--action that will consolidate the operational system, making it objectively certain in its functioning and protected, in the future outlook, from unmotivated and unforeseeable interferences.

Instead, we are continuing to live from day to day. It is impossible to program. Investments in the vital sector of refining, and also in that of distribution, have been suspended or reduced to a minimum.

The companies are accentuating the tendency to import products and to change into trading firms, the prelude to disengagement and abandonment.

Everyone grants that oil is a strategic product and that our well-being and economic development--and in certain situations, even our survival--depend and will depend on it for a long time.

But for years, the government and the Parliament have been impassively witnessing the deterioration of the oil industry, letting it accumulate astronomical losses, greater than those of almost any other productive sector.

Let's not have any illusions. The few multinational companies that still operate in the Italian market will not continue for long to put money into our country to cover the losses caused by a nonsensical or nonexistent energy and oil policy.

Yet the Energy Plan stresses the necessity of the integrated companies' staying in the market, they being indispensable for guaranteeing security of supply, for making the huge investments called for by the Plan itself, for their important technological contribution.

The international tensions that continue, largely in the Gulf zone, should make us aware of the enormous risks entailed by our fragile energy and our innovation [as published].

We have said all these things over and over again.

Even the state company has confirmed our analysis and our proposed remedies.

In the meantime, the situation continues to get worse. This is evidenced by, among other things, the economic data of recent months and the announcements of disengagement by other oil companies.

As mentioned, the Energy Plan stresses the necessity of having a multiplicity of oil operators. But after the abandonment by very important integrated companies such as Shell, BP, CONOCO, Cities Services, Marathon and AMOCO, Gulf too has closed down the only refinery that it had in Italy, while Chevron has recently manifested disturbing symptoms of impatience.

Despite these serious developments and the action taken by ourselves and by the state companies, nothing or almost nothing has been done to solve at least the most pressing problems.

And this is all the more disturbing in that some difficult times and tough tests are coming for our country. The resources are scarce, and the sectors already in crisis, that need urgent action, are numerous; the problems of unemployment, inflation and public finance are critical.

All this should at least be an additional deterrent so as not to impose on the oil industry, which has never enjoyed subsidies, restrictions that deteriorate it further and that run the risk of making it a sector in ruins, which it will then inevitably fall to the state and the taxpayers to assist.

It is even more disconcerting to note that in recent months the government has never called the attention of the Parliament, the political and social forces and public opinion to the seriousness of the Italian oil crisis and the urgency of dealing with it.

On the contrary, OPEC's decision to reduce the /official/ prices of crude for the first time in more than 20 years was the occasion for euphoric declarations, which were then promptly contradicted by events.

In particular, let us not deceive ourselves about the current stability of oil prices and the abundance of recent months. The most authoritative experts do not rule out the hypothesis of new increases, due to growing demand and the relative rigidity of the supply.

Things cannot go on this way.

The recent general political elections have broken the last possible excuse for not acting responsibly.

We look for a new economic and energy policy from the new government.

First of all, we would like greater coherence between the programs and the accomplishments, between the promises and the actions.

It is necessary to make decisions as soon as possible and to halt the practice of putting things off.

The troublous situation of the Italian economy, and--as regards us directly--of the energy structure and the oil industry will tolerate no further hesitations.

We have accumulated a lot of lags, and our conditions are worsening from day to day.

If the new government and the new Parliament will act quickly, we will still be in time.

There is an awareness of the seriousness and importance of the problems. What is needed now is responsibility, courage, will.

Despite everything, we too are prepared to do our part.

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## REPORT SHOWS SLOWDOWN IN ENERGY CONSUMPTION

Rome RASSEGNA PETROLIFERA in Italian 8 Aug 83 pp 736-738

[Article: "Situation of Energy Demand"]

[Text] The first summaries on Italian energy consumption, presented in terms of primary sources, underline the reshaping of our market that has been going on for several years and has recently been accentuated. Apart from the more limited role of petroleum products, due to processes of replacement by other primary sources, the slowdown of energy demand in general can be noted. As is shown by Table 1, consumption in Italy is evaluated at the end of 1982 as equal to what it was a decade ago, though with a significant variation in its internal structure.

Table 1--Italy: Energy Consumption by Primary Sources (millions of tep[\*])

	1973		1979		1980		1981		1982 <sup>1</sup>	
	Quan- tity	%	Quan- tity	%	Quan- tity	%	Quan- tity	%	Quan- tity	%
Solid fuels	10.2	7.3	11.3	7.6	12.5	8.5	13.5	9.4	14.2	10.1
Natural gas	14.3	10.2	22.9	15.4	22.8	15.5	22.1	15.4	22.1	15.8
Oil <sup>2</sup>	105.3	75.3	102.0	68.4	98.8	67.3	94.6	65.9	90.2	64.5
Primary electrical energy (hydro, geo- thermal, nu- clear) <sup>3</sup>	10.0	7.2	12.8	8.6	12.8	8.7	13.4	9.3	13.4	9.6
TOTALS	139.8	100.0	149.0	100.0	146.9	100.0	143.6	100.0	139.9	100.0

[\*]: tep = tons-equivalent of oil

1. Provisional data

2. Including bunkering of ships

3. Calculated by assigning the calorific power of 2,200 kcal for each kWh produced

Oil's contribution to coverage of demand has dropped sharply--about 50 percent in favor of natural gas, and the rest in favor of the other primary sources. As regards the total for hydrocarbons (oil and natural gas), our dependence has actually varied only 5 percent, going from about 85 percent in 1973 to 80 percent in 1982 (the other 20 percent is distributed almost equally between solid fuels and primary electrical energy). In terms of trend, whereas the variation for petroleum products is continuous from 1973, natural gas has since 1979 maintained its absolute and percentage position in the presence of a moderate increase for electrical energy and significant increases for solid fuels.

In the decade, our dependence on sources abroad has increased, with reference to the figures for domestic production and taking into account the external supplies of coal and of nuclear fuels. Indeed, as is shown by Table 2, the availability of natural gas has stayed roughly constant--in any case, with a pattern such as to compensate for the notable, but quantitatively limited, increase in the oil extracted on the domestic market [as published].

Table 2--Italy: Production of Crude Oil, Gas Condensates and Natural Gas

	<u>1973</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Crude oil (tons)	1,047,800	1,800,130	1,460,000	1,727,000
Gas condensates (tons)	57,160	25,364	26,522	36,106
Natural gas (1,000's of m <sup>3</sup> )	15,355,331	12,531,480	14,043,102	14,589,299

According to the estimates by the Petroleum Union, the cost of imported energy (Table 3) came to more than Lit 33 trillion in 1982, 85 percent of it attributable to the petroleum area. The relative data are presented in Table 3.

Table 3--Italy: Estimate of Cost of Imported Energy (1982)

		<u>Quantity</u>	<u>Unit Cost CIF[*]</u>	<u>Billions of lire</u>
Oil	millions of tons	86.8 <sup>1</sup>	Lit 329,140/ton <sup>2</sup>	28,570
Coal <sup>3</sup>	millions of tons	18.1	Lit 101,650/ton	1,840
Natural gas <sup>3</sup>	billions of m <sup>3</sup>	13.5	Lit 195/m <sup>3</sup>	2,640
Electrical energy	" " kWh	7.2 <sup>4</sup>	Lit 50/kWh <sup>5</sup>	360
TOTAL				33,410

[\*] CIF = Cost, Insurance, Freight

1. Corresponds to oil demand apart from national production and with bunkering assumed at 60 percent, excluding bunkering of foreign ships, which is taken as exportation.
2. Source: Petroleum Union
3. Source: ISTAT [Central Statistics Institute]
4. Source: ENEL [National Hydrocarbons Agency]
5. Indicative value

While imported coal, gas and electrical energy went for domestic consumption (as regards gas, part of Italian production went into reserves), the crude indicated went into a complex of operations composed also of importations of finished products and crude to be processed under foreign orders, net of quantities exported. The 1982 oil balance-sheet, even if not yet definitive (Table 4), underlines the growing role of importation of finished products to the detriment of crude to be processed and in the presence of a decline in external demand. About 17 percent of the available quantities was composed of imported finished products, with domestic demand practically balanced by the crude purchased.

Table 4--Italy: Balance-Sheet for Oil (1982)<sup>1</sup> (1000's of tons)

<u>Availability</u>			
National crude and gas condensates	1,763	Transfer to the distribution system (domestic market)	80,750
Importation of crude <sup>2</sup>	80,031	Bunkering	4,168
Importation of finished products	17,570		
Importation of semifinished products	5,370	Consumption and processing losses	5,775
Variation in stocks <sup>4</sup>	439	Exports <sup>3</sup>	14,480
<u>TOTAL</u>	<u>105,173</u>	<u>TOTAL</u>	<u>105,173</u>

1. Provisional data
2. Including imports of crude for the account of foreign customers
3. Including reexportations of products obtained from processing of crude on temporary-importation basis for the account of foreign customers
4. Crude and refined products

Taking the exports--though they are very limited--into account, it is calculated that the domestic market was about 22-percent covered by imported finished products. As regards 1973, the total availability can be indicated as consisting only about 5 percent of imported products, while domestic-market coverage with such products was barely 7 percent; in addition, importation of finished and semifinished products totaled about 9 million tons as against about 24 million tons exported, as compared with the corresponding 1982 levels of about 23 million and 14 million tons. The change in the operational structure of the oil sector in the decade in question is entirely obvious, as is the penalization of it. Crude to be processed actually dropped by about 48 million tons from 1973, while imports of refined and semirefined products went, as was said, from 9 million to 23 million.

As is shown by Table 5, the main reduction in crude involved the supplies from the Middle East, which practically halved during the decade. Among the countries most heavily involved are Saudi Arabia, Iraq and Kuwait; but while the first-named has maintained a significant proportion, the collapse of the contribution from Kuwait must be noted. The considerable recovery of Iranian

Table 5--Italy: Imports of Crude Oil (1,000's of tons)

Source	1973		1981		1982	
	Quantity	%	Quantity	%	Quantity	%
Abu Dhabi	2,423	1.9	1,437	1.7	1,547	1.9
Saudi Arabia	35,383	27.5	31,464	36.8	19,117	23.9
Dubai	247	0.2	946	1.1	207	0.3
Iran	16,722	13.0	2,742	3.2	12,753	15.9
Iraq	18,491	14.4	7,953	9.3	5,564	7.1
Kuwait	11,420	8.9	914	1.1	1,280	1.6
Qatar	2,244	1.8	1,664	1.9	1,398	1.7
Syria	1,196	0.9	2,190	2.6	961	1.2
Israel	895	0.7	--	--	--	--
Others	--	--	--	--	158	0.2
Total for Middle East	89,021	69.3	49,310	57.7	43,075	53.8
Algeria	3,855	3.0	3,332	3.9	3,278	4.1
Egypt	849	0.7	7,609	8.9	5,276	6.6
Gabon	32	--	181	0.2	--	--
Lybia	25,297	19.7	10,305	12.1	10,772	13.5
Nigeria	181	0.1	2,333	2.7	3,265	4.1
Tunisia	250	0.2	1,324	1.6	985	1.2
Congo	554	0.4	724	0.8	598	0.7
Cameroon	--	--	115	0.1	40	0.1
Total for Africa	31,018	24.1	25,923	30.3	24,214	30.3
USSR	6,999	5.4	4,801	5.7	6,085	7.6
Venezuela	1,277	1.0	3,377	3.9	2,048	2.6
Mexico	--	--	1,407	1.6	3,649	4.5
Indonesia	119	0.1	252	0.3	107	0.1
Trinidad	--	--	184	0.2	522	0.7
Others	102	0.1	265	0.3	331	0.4
GRAND TOTALS	128,536	100.0	85,519	100.0	80,031	100.0

supplies in the past year, after the collapse that occurred in the 1980 era, should be noted. As regards African crudes, the sharp change in purchases from Libya (particularly expensive, down some 60 percent in the decade) was partly replaced by recourse to Algerian supplies and, with the increase in 1982, Nigerian supplies, while supplies from Egypt have recently contracted. The degree of diversification of importations of crude seems to be rising, though, with about 94 percent coming from the Middle East and Africa in 1973, with the figure dropping to 88 percent in 1981 and 84 percent in 1982; the purchase of crude from Mexico and the resumption of Soviet supplies should be noted. In line with the national oil-market pattern presented, the production by the refineries established on Italian territory shows a striking decrease in the decade 1973-1982. With a testing capacity practically constant in the period, with increases and decreases roughly stable (except for the last 3-year

period), one notes from Table 6 that some 43 million tons less was processed than in 1973 (down about 33 percent).

Table 6--Italy: Production of the Refineries (1,000's of tons)

<u>Products</u>	1973		1981		1982	
	<u>Quantity</u>	<u>%</u>	<u>Quantity</u>	<u>%</u>	<u>Quantity</u>	<u>%</u>
LPG [Liquid Propane Gas]	2,272	1.7	1,860	2.0	1,820	2.1
Automotive gasoline	15,096	11.5	14,816	15.7	15,180	17.2
Virgin naphtha and LPD [Liquid petroleum Distillate]	11,030	8.4	3,732	4.0	3,550	4.0
	4,477	3.4	2,480	2.6	3,010	3.4
Kerosene	2,097	1.6	1,631	1.7	1,360	1.6
Jet fuel	28,782	21.8	25,246	26.7	24,215	27.4
Fuel oil	57,398	43.6	35,059	37.1	29,630	33.6
Lubricants	494	0.4	908	1.0	880	1.0
Bitumen	2,264	1.7	1,919	2.0	1,970	2.2
Other	551	0.4	999	1.1	855	1.0
Consumption and losses	7,219	5.5	5,764	6.1	5,775	6.5
Total processed	131,680	100.0	94,414	100.0	88,245	100.0

Table 7--Italy: Importation of Petroleum Products (1,000's of tons)

<u>Products</u>	1973	1981		1982	
	<u>Quantity</u>	<u>Quantity</u>	<u>%</u>	<u>Quantity</u>	<u>%</u>
LPG [Liquid Petroleum Gas]	100	667	3.1	570	2.5
Gasolines	134	459	2.2	630	2.7
Virgin naphtha and LPD	508	1,562	7.3	1,280	5.6
Kerosene	108	23	0.1	--	--
Gas oil	482	1,801	8.4	4,500	19.6
Fuel oil	2,524	10,051	47.0	9,350	40.8
Lubricants	1,244	112	0.5	90	0.4
Other	1,244	1,152	5.4	1,150	5.0
Semifinished products	2,422	5,554	26.0	5,370	23.4
TOTALS	7,522	21,381	100.0	22,940	100.0

In this framework, the variation in refining yields seems significant. Gasoline and gas oil--light products and more remunerative--have been obtained from the crude treated with an increase of about six percentage points in the processing yields. An analogous increase during the decade, but on far more modest levels, is noted for the minor products (lubricants, etc). All this has occurred to the detriment of fuel oil, whose refining yields have gone from about 44 percent in 1973 to 34 percent at the end of 1982, with a gradual alignment with the situations of the most highly industrialized countries.

It is interesting to note that the evolution of the refining-yields structure was particularly accentuated in 1982, especially for gasoline.

Table 8--Italy: Exports of Petroleum Products (1,000's of tons)

<u>Products</u>	1973		1981		1982	
	<u>Quantity</u>	<u>%</u>	<u>Quantity</u>	<u>%</u>	<u>Quantity</u>	<u>%</u>
LPG	310	1.1	165	1.1	200	1.4
Gasolines	3,431	11.5	3,626	24.5	3,520	24.3
Virgin naphtha and LPD	2,518	8.4	917	6.2	940	6.5
Kerosene	1,232	4.1	2,072	14.0	2,130	14.7
Gas oil	9,769	32.7	4,272	28.8	4,000	27.6
Lubricants	225	0.8	395	2.7	490	3.4
Fuel oil	10,590	35.5	2,452	16.5	2,380	16.4
Other	1,770	5.9	370	2.5	290	2.0
Semifinished products	--	--	552	3.7	530	3.7
TOTALS	29,845	100.0	14,821	100.0		100.0

Our market is therefore orienting distinctly toward the lighter products, as is also evidenced by the pattern of imports shown in Table 7. In the past year, the decrease in fuel oil called for was balanced off by the increases in gasolines and especially gas oil, which almost tripled vis-a-vis the quantities imported in 1981. As compared with 1973, the imports of recent years have also nearly tripled.

In a different way, the reshaping of oil activity abroad has had a negative effect on exportations of refined products (Table 8), which almost halved in the first years of the 1980's as compared with the levels reached in 1973. In this case too, the main load fell on fuel oil, which constituted only about 16 percent of export activity in 1981-1982 as against 35 percent in 1973.

The demand for gasolines is rather constant, while the slowing-down in the demand for gas oil is continuing. Comparison with the imports shows that the interexchange of this product is almost balanced, while a large difference is to be noted for fuel oil, and also for gasolines.

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CSO: 3528/197

## STUDY SEES UNFAVORABLE ECONOMIC TRENDS IN 1984

/Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German 13 Sep 83  
P 2/

/Report by Ko, datelined Vienna, 12 September/

/Text/ At the recent Alpach European Forum, eight internationally renowned economists drew up a "world economic forecast for the industrial world" for the next 12 months. This includes Austria among those countries that are not expected to derive much profit from the beginning international economic recovery. OECD foresees for its member countries a 4 percent growth in their real 1984 gross national product (1983: 2 percent), with the recovery being led by the United States and Japan, while Europe is more likely to lag behind with a 1.5-2 percent growth rate. According to the forecast, Austrian economic growth is going to be below even that of the European OECD countries. In Alpach Helmut Kramer, head of the Austrian Institute for Economic Research (Wifo) mentioned 1.5 percent as being "more likely the upper limit" of Austrian economic growth in 1984. The prediction of 1983 Austrian gross domestic product is for a 1 percent growth rate.

Basically the Austrians are confronting exactly the same problems as the Germans. They also must definitely cut their budget deficit, because the 100 billion schilling (DM14.2 billion) achieved in 1983 is really beyond financing. Without quick and far reaching measures the 1984 budget would increase to 130 billion schilling. However, in contrast to the Bonn Government, Vienna intends to restrain spending cuts and prefers to obtain two thirds of the money required for the 1984 budget by developing new revenues, in other words by raising taxes and tariffs. The total additional revenues intended to be collected by the Austrian state in 1984 are to amount to 20 billion schilling (just about DM3 billion). It is already certain that the value-added tax rate will be raised by 2 percent. The standard rate will then amount to 20 percent. The special rate for essential foods is to be raised from 8 percent to 10 percent, "the luxury value-added tax" on passenger autos, jewelry, furs, photographic and stereo equipment and carpets from 30 percent to 32 percent. Even this, though, does not suffice to close the budget gap. It is not yet known what the other taxes will be, nor the cuts in government spending (they are to be on the order of 10 billion schilling).

This uncertainty plagues the Austrian economy as well as consumers. In part it has resulted in a flight to tangible assets. The imminent price rise due to the increase in the value-added tax may fuel this year's fall wage negotiations, and this would

be bound to damage the competitiveness of Austrian firms. Wifo (Economics Research Institute, Berlin) chief Kramer expects a 4-5 percent Austrian inflation rate in 1984. Kramer warns that the development of prices in Austria will then no longer match that of Germany and therefore raise additional problems for the Austrian economy and monetary policy in view of the linkage in exchange rates of schilling and D-mark.

Unemployment will continue to rise in Austria also. For 1984 Kramer forecasts a 5.5 percent average rate. However, this relatively favorable percentage cannot be compared with the rate of unemployment in the FRG. In Austria as many as two thirds of all older employees elect early retirement, possible for women at age 55 and for men at age 60. This relieves the job market and lowers the unemployment rate.

The current economic situation in Austria is best described as "stagnation at a low level." In the first 6 months of this year industrial production declined by 2 percent compared with the same period of 1982 although--after a noticeable drop in the first quarter--it rose by 4.6 percent (seasonally adjusted) in the second quarter. Still, corporations do not consider this improvement to indicate a general recovery, because the stock of orders continues to be unsatisfactory. The longer this poor economic situation persists, the more evident are the structural defects of Austrian industry, the unduly large percentage of mass production goods in its industrial output. Especially in regard to exports, Austria has great difficulties in holding its own against the more cheaply producing threshold countries. Export prices frequently do not meet costs. Major restructuring of industrial corporations would be needed, but this is not even talked about at the present time. According to the federation of industrialists, industrial investments declined by 16 percent in 1982 compared with 1981 and will fall by another 7 percent this year. One of the reasons is the lack of corporate capital reserves. In the period 1971-1981 the percentage of capital reserves in the balance sheet total of Austrian joint stock companies was more than halved--from 34.3 percent to 16.5 percent.

Private consumption represents the main support of Austria's economy, especially the continuing strong demand for durable consumer goods, and here cars in particular. As Austria does not have domestic car manufacturers, the "car boom" obviously stimulates imports. In the first 7 months of this year 162,950 private cars and vans were newly licensed, 23 (!) percent more than in the same period of 1982.

Industrial production: In June the index of industrial production stood at 104 (1981 = 100), 1 percent above last year's. Decisive for this result was the 3 percent growth in the consumer goods industries, while output in the investment goods industries stagnated. In the first half of this year Austrian industry manufactured 2 percent less than in the comparable period of 1982. At a 1 percent decline, consumer goods output did better in the first 6 months than investment goods output which recorded a 3 percent drop. The annual output of mined products and basic materials rose by 5 percent, but energy production fell by 5 percent.

Labor market: At the end of August 2,794,651 Austrians were wage and salary earners. The employment offices registered 87,637 job seekers (89,441 at the end of July). As in July, the unemployment rate amounted to 3.1 percent (5.3 percent seasonally adjusted). Jobs in Austrian industry dropped by almost 8 percent from 1970 to 1982, that is by 46,000 to 589,000.



Tourism: Thanks especially to the unusually good weather, the summer tourist season was better than expected in Austria. In the months from May through July (August results are not yet available), 36.5 million overnight visitors were counted, 2.3 percent less than a year ago. The decline was due entirely to a drop in foreign tourists (- 3.8 percent), while a 2.8 percent rise was recorded for Austrian travelers. German tourists, in particular, were lacking (- 6.1 percent). On the other hand more Americans and Britons visited Austria. Though foreign tourists spent less money in Austria than in former years, Austrian foreign currency spending on travel abroad is still rising strongly, by 13.3 percent in the first 6 months of this year by comparison with last. Austria's net revenues from tourism were therefore 7.9 percent lower (21.3 billion schilling) in the first half 1983 than in the first half 1982.

Prices and wages: In May and June Austrian inflation achieved its lowest rate at 2.5 percent each by comparison with 1982; it is now rising once more. In July consumer prices were 2.8 percent above those of the previous month. In July wholesale prices were 1.7 percent below those of July 1982; this was due mainly to lower prices of farm products and raw materials. Economists expect consumer prices to continue rising in the coming months.

Foreign trade: By comparison with 1982, Austrian imports in the first 7 months dropped by 2 percent to 191.64 billion schilling. Exports, on the other hand, rose slightly, by 1 percent to 156.79 billion schilling. As a result the deficit in movement goods balance was 34.85 billion schilling--14 percent lower than in the comparable period of the previous year. In July imports declined by 5 percent to just below 28 billion schilling, exports grew by 3 percent to more than 23 billion schilling. The July deficit in the balance of trade amounted to 4.67 billion schilling, a third lower than the previous year.

11698

CSO: 3620/467

## ANALYSIS OF REPORTED SOCIALIST-INDUCED ECONOMIC FAILURE

Athens MESIMVRINI in Greek 19 Aug 83 p 4

[Article by K. Kolmer]

[Text] Per capita income in terms of current dollars will decline by 12 percent this year and will reach levels lower than in 1974, expressed in absolute values. More specifically, the per capita income in current dollars is expected to fall to \$3,540 in 1983, compared to \$4,014 in 1982. Contributing factors in this adverse development are the decrease in the Gross National Product (0.8 percent) and the substantial decline of the drachma against the dollar (-26 percent) (see Table 1)

In this way the Greek people are becoming poorer, with their income dropping below \$4,000, which is the lowest in the EEC. Socialism is considered to be responsible for this, whether it is of the ersatz or the authentic variety--that is, regardless of how it is being implemented in Greece.

The adverse effects of socialism on national per capita income become noticeable from 1978 onward, but they manifest themselves clearly and in a manner which leaves no room for doubt in 1982--the first year of the "authentic" socialist governing of the country (editor's note: previously the socialism was of the "ersatz"\* variety, but it was no less catastrophic to the country's economy).

Table 2 shows the steady worsening of the level of prosperity of modern-day Greeks from 1978 onward.

#### Overconsumption

In practice, socialism does not mean more government, but above all more consumption and less investment, because it disavows the return on invested capital (in profits), or profit is penalized (overtaxed). The truth of this empirical definition is borne out by the life and system of government of "socialism" in Greece--both pure and "ersatz"--in the last 5 years.

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\*Ersatz (German): A substitute which even though not genuine has the same effect.

Table 1

	<u>1982</u>	<u>1983</u>	<u>Change 83/82</u>
1. Gross National Product in market drachmas (billions)	2,621	3,145	+20%
2. Population of Greece	9,792,000	9,870,336	+0.8%
3. Drachma-dollar parity (average)	66.7	90.0	-26%
4. Per capita gross income in current-market drachmas	267,672	318,642	+19%
5. In current dollars	4,014	3,540	-12%
<hr/>			
1. GNP at fixed 1970 prices (billions of drachmas)	48,769	47,306	-3%
2. Drachma-dollar parity	30	30	-
3. Per capita income at fixed prices, in dollars	1,626	1,577	-31%

Table 2: Per Capita Gross Income (in U. S. Dollars)

	<u>Market prices (current)</u>	<u>Fixed prices (1970)</u>	<u>Drachma/dollar</u>
1973	1,880	1,443	30.0
1974	2,165	1,374	30.0
1975	2,368	1,437	32.28
1976	2,534	1,511	36.58
1977	2,899	1,544	36.84
1978	3,446	1,621	36.74
1979	4,163	1,662	37.0
1980	4,298	1,671	42.6
1981	3,907	1,643	55.3
1982	4,014	1,626	66.7
1983*	3,540	1,570	90.0

Source: National Accounts of Greece, 1982

\* Estimates made by MESIMVRINI

The nation's private consumption steadily increased in dollar terms from 1970 to 1982, from \$784/per capita to \$2,556, at an average annual rate of about 11 percent. However, the per capita gross investments of fixed

capital in dollar terms increased only until 1974 (from \$268 to \$1,044). Since then, investments have declined rapidly, reaching \$748 in 1982, the lowest levels in 10 years. This is seen also by the course of investments in fixed-price terms, which fell to \$277 per capita in 1982--that is, to the level they had reached in 1974, when for the first time since the war they had declined by 26 percent compared to 1973, due to the familiar events of that year. On the other hand, private consumption continued to increase in fixed-price terms, going from \$941 in 1974 to \$1,110 in 1982. Annual expenditures for food increased at a drastic rate in fixed-price terms, from \$309 in 1974 to \$325 in 1982, but expenditures for durable goods (TV's, automobiles) also accelerated.

The drop in production also reveals the consumption-oriented character of our socialist economy. After various fluctuations, the index of volume of agricultural produce reached scarcely 103 in 1982, below what it was in 1974 (105). Similarly the index of volume of our industrial production was reduced to 96 in 1982, compared to 112 in 1973, and that of building and construction to 92 from 102 respectively. In general the annual percentages of increase in production fell to lower levels in 1982 than what they had been throughout the 13-year period.

#### The State Expands...

On the other hand, the index of volume of "services" continues to steadily increase from year to year, with the driving wheel being the services of the State, which also increased its share in the GNP.

But the pattern of consumption is changing under socialism as well. Consumption is turning now to durable goods--perhaps in order to "invest" its usual share of savings--while basic expenditures remain unchanged. At the same time, private investments are declining (by 3 percent in 1982) and public investments are increasing (likewise by 3 percent), but they have a more consumption-oriented character.

The culmination of this socialist tendency toward consumption is the growth of the State budget. Thus, the price index of public consumption increased by 26 percent in 1982--as much as the State budget--while that of private consumption increased by 21 percent. Never before between 1970-1982 has public consumption increased so greatly. The pay received by public employees increased by 25 percent in 1982, a record for the last 13 years, while the expenditures of the public organizations, enterprises, insurance agencies, the OTA [Organizations of Local Self Government], and so forth increased by 24 percent, more than in any other time in the past.

#### ...And so Does Inflation

Under these conditions, it is not strange that inflation has been sustained at record levels. Thus, in 1982 the disinflator of the GNP came to 25 percent, higher than at any other time in the last 13 years, as the following table shows.

# Annual Price Indexes

<u>Year</u>	<u>GNP (GNP disinflator)</u>	<u>Year</u>	<u>GNP (GNP disinflator)</u>
1971	3%	1977	13%
1972	5%	1978	13%
1973	19%	1979	19%
1974	22%	1980	18%
1975	13%	1981	20%
1976	15%	1982	25%

It is worth noting that starting in 1978, when the "ersatz" socialistic policy was implemented in the economy, the disinflator of the national product began to increase rapidly, with it reaching its peak in 1982, when "authentic" socialism took over the reins of the country, with the well-known devastating consequences of this.

Nevertheless, the people still seem to believe in socialism, because they confuse socialism with the needed Change!

12114

CSO: 3521/429

## DEBT SERVICING SITUATION SEEN SERIOUS

Athens MESIMVRINI in Greek 23 Aug 83 p 1

[Article by K. Kolmer]

[Text] Ever since the country acquired--worse luck--a "czar" in the economic sector, with the result that the minister of national economy is the same person as the governor of the Bank of Greece, unprecedented incidents are coming one after another.

Thus, first we had the tying of the drachma to the dollar, which was reminiscent of the blunder of 1931 (when the drachma had been linked to the pound sterling, which abandoned the gold standard, resulting in the... Greek crash!). Next, the unprecedented statement by Arsenis that "we will maintain the drachma vis-a-vis the package of European currencies at the parities of 9 January 1983," which meant that the dollar will be going to 96 in about one month, as of 3 August of this year (so you speculators have hastened to cover yourselves), and a few days ago the wonderful absurdity that "the country's balance of payments for the first 6 months of the current year is in equilibrium," which implies that every deficit can be made to disappear if only it can be covered with loans.

Of course, as always since the war each successive government has depicted the balance of payments as being in equilibrium even when there was heavy and extensive borrowing. Especially after 1981...(to talk of what is Caesar's due). Nevertheless, the appearance of the balance on foreign accounts in the first 6 months of this year is so deplorable that it was with good reason that Arsenis chose to publish his data the day before 15 August, in order to get off easy, as the common saying goes. And that is a fact about our unruffled fellow countrymen, who if the Turks ever decided to re-occupy Tourkolimanon--God forbid--would confine themselves to picking the month when the flies are thickest....

Notwithstanding these things, the balance is so distorted that it cannot escape our own attention, at least. And we are speaking not only about the increase in the deficit in the balance of current accounts, which is the deficit remaining after subtraction of the invisible resources from the balance of trade and which in the midst of a fall in production increased by 26 percent this year, nor only about the fact that within June imports

jumped to \$932 million. These are facts which could alarm only the prudent, and we know that those in power are anything but prudent--since in the midst of a foreign-exchange crisis and in a period when we need \$4 billion to purchase 120 military aircraft, they announce the National Health System, at a cost of \$8 billion.

However, what ought to be of concern to the minister of national economy, who is said to be very sensitive about the picture of our balance of payments abroad, is the ratio of the servicing of our foreign debt to our foreign-exchange receipts. In the first 6 months of this year, this ratio exceeded 24 percent (800 : 3,219) as compared to 19 percent last year and 13 percent the year before, respectively.

Yet our foreign borrowing in the first 6 months, which amounted to \$1.121 billion, exceeded our foreign-exchange reserves (\$945 million) by 19 percent, whereas last year it was at 0.86 and the year before at 0.72.

For the experts--and a few such seem to exist...abroad--all these things add up to indicators of an unhealthiness in the balance, which in any case is not in equilibrium. And Arsenis should say as much.

12114

CSO: 3521/429

## 'CORRECTIVE' COMMENTS ON TRADE WITH EASTERN BLOC, ARABS

Athens TO VIMA TIS KYRIAKIS in Greek 21 Aug 83 p 7

[Article by Mikh. Papagiannakis]

[Text] Judgments and assessments concerning the development of our export trade call for great care and a clear distinguishing of the scope of the phenomena about which we are speaking. Unfortunately, this sort of thing is still not being done, either from ignorance or from an over-politicizing of the analysis, and thus the most contradictory things are being written and circulated relative to this sensitive sector of the Greek economy.

For example, on the basis of the recent data about the initial months of 1983, many have hastened to exult because some increase was found here and there, or else to lament over or scoff at some like decrease, such as in the case of Greek exports to the Arab or East European countries.

Lamentations and exultations which are vain and ephemeral as long as they are not based on comparative analyses, on place and time, and on the position of the phenomena under observation within the whole.

#### The Distribution

Such analyses are made possible by the very interesting data published by the Center for Export-related Research and Studies (KEEM) of the Panhellenic Exporters Association, in its publication "The Course of Greek Exports During the Year 1982."

Many people have limited themselves to the general introductory commentary of this publication in noting the drop in Greek exports compared to 1981 (by 0.2 percent in dollars and by 4 percent in volume), the increase in exports to the EEC (by 7 percent) and the countries of the EFTA (by 21 percent), the decrease in exports to CEMA countries (by 5 percent), the countries of the Middle East and north Africa (by 11 percent), and the other countries of the Third World (by 32 percent).

And their conclusions have been "simple": The future of the country is to be found in the West, but the policy (which goes back a very long time, by the way) of development of economic relations with the Mediterranean, the



Arab countries, the Third World, and the countries of East Europe is "unprofitable," and so forth. What we have is an incoherent confusing of the general political preferences of each person with developments in our commercial exchanges, which at the very least are not identical to the former.

Such naive positions do not bear up against much discussion, while the problems which are raised by the developments in our country's foreign trade are rather more complex and require more attention. Some of these are pointed out in the points made below.

#### Decline in Competitiveness

1. It is a fact that the decline in Greek exports (in dollars) during 1982 was much less than the decline in 1981 (0.2, compared to 19.3)--something which indicates perhaps a certain tendency towards an improvement in the course of these exports. It is also a comforting fact that the decline of 1982 is less than the decline in exports of other Western countries with stronger positions in international trade and surely more healthy economies (1 percent for Austria, 3.1 percent for Italy, 5.4 percent for Great Britain, 8.8 percent for France, 8.9 percent for Japan, 9.2 percent for the United States, 3.7 percent for the EEC, 5 percent for the OECD, and 6 percent for the world as a whole).

2. But on the other hand, the data of the KEEM show that whereas the demand for imports into the client countries of the Greek economy increased by 0.4 percent in all and by 1.8 percent for industrial products, the exports of Greece have decreased in volume by 4 percent overall and by 14.5 percent for industrial products.

This comparison shows that the Greek economy has not been able to have its exports keep up with the pace of the demand--that is, that its competitiveness has declined.

And the reasons why are not simply a question of costs and prices for Greek products as the exporters have been maintaining, although this is indisputable in any case. It is also a matter of organization (in Greece there are 9,300 exporting enterprises, of which 500--that is, again a great many--carry out over 80 percent of the exports), a matter of the suitability of the products, which are not being updated technologically nor upgraded qualitatively, a matter of an inadequate scale of production (when the customer asks for 100 units, you cannot sell him 30, even at a lower price per unit), and a matter of foreign-exchange policy (high parity of the drachma).

#### Where an Increase Was Noted

3. The decline in the overall exports also involves significant increases in the exports of certain categories of products, such as agricultural products generally (up 11 percent), and in particular oils and fats (up 148 percent), wheat (up 326 percent), cotton (up 33 percent), fresh vegetables (up 30 percent), but also other industrial products (petroleum products--12 percent, cement--1.6 percent, sheet-metal--31 percent, clothing of various kinds--44-76 percent, pumps--12 percent, jewelry--8.5 percent, and so forth).

Large increases were seen also in exports of products which as yet do not count for much in overall exports, such as automatic data-processing equipment (up 26-fold), manufactured tobacco products (up 531 percent), spare parts for aircraft (up 382 percent), measuring instruments and equipment (up 179 percent), leather goods (88 percent), piston engines (up 72 percent), electronic tubes (up 72 percent), and so forth.

The above give contradictory indications. Perhaps some are business-cycle increases (oil), but some are also new potentialities of Greek agriculture (wheat), which are accounted for by certain less well-known trends in its development as well as by the mechanisms of the EEC, and there are also great opportunities for products of advanced technology, as long as one makes the necessary investments and, obviously, the suitable agreements with the industries which embody them in final industrial aggregates or products.

#### The Development Strategy

The choosing and development of those products which "lead to the future" beyond the hitherto "traditional" export products is an urgent and by no means easy job. It is not simply a question of accommodations, advertising, and "promotion," but more generally a problem of drawing up a development strategy which can couple the exploring of present and future trends in the international marketplace (that is, in the Greek market also) with the formation of investment policy.

This sort of thing has not yet gained ground in Greece, and perhaps the new institutions which are being pushed forward for organizing exports will be the first step in this direction. But it is no longer possible to pursue an export policy on a day-to-day basis, under the legitimate, perhaps, pressures of the exporters on behalf of the minor demands of each one, and what is needed are overall measures, without discrimination, selectivity, or preferences.

4. The structure of Greek exports has not changed exceptionally in recent years. To be sure, the strictly industrial products represented 48 percent of the total in 1975 and 53 percent in 1982. However, this general but small improvement should be set over against the fact that the percentage which was mentioned above is due mainly to products of light industry (textile industry...) and to construction materials (cement...), whereas it includes very few products of the category "machinery and vehicles" and relatively few chemical products.

#### Fragile Specialization

This "specialization" renders Greek exports fragile, however much in the short term the above categories do not seem to be suffering much from the general development. If the decline in the competitiveness of Greek industry continues, there is a danger that it will hurt these much more severely than other categories of products.

In any case, in 1982 the greatest declines were seen in the exports of other products, such as ferronickel, plastics, metal ware, pipes, ammunition and weapons, shoes, animal feed, and so forth, where the lack of competitiveness with respect to prices is no longer the only explanatory factor. One should add to this the more general fall in demand, the sporadic character of certain Greek exports, which does not create a permanent network of sales to the client country, the replacement of products by other newer if not better ones, and so forth.

#### The Trends of the Decade

5. In any case, an evaluation of the drop in exports in 1982 should be situated within their more long-range development in the last decade. In 1982, exports offset 43 percent of Greek imports, whereas in 1981 they had offset 48 percent. However, in 1979 they had made up 40.4 percent of the imports, 40.2 percent in 1977, 43.3 percent in 1975, 41.6 percent in 1973, and 32.8 percent in 1970. Thus in terms of the general progression, the "performance" of 1982 is not catastrophic or even dramatic, if in particular the comparisons which were made above are also taken into account.

In any case the fact remains that this "offsetting" was and is inadequate, and in fact Greece is one of the leading countries in the world with respect to this structural weakness in its foreign trade. And it is not going to overcome this by means of any conjunctural measures, however needed they may be, for holding down the trade deficit. Only a vigorous course of (new) industrialization of its economy would be able to change this basic situation. Otherwise the foreign balance of the country will have to continue to be based on tourism, shipping, emigrants remittances, foreign capital (loans or investments) and on net transfers of funds from the EEC. Whoever does not like these necessary complements or who does not believe that they will continue to develop as in the past, is compelled either to promote industrialization by every means or to drastically restrict imports (but how?).

#### The Arab Market

6. Finally, the much-discussed issue of the geographical (and geopolitical) orientations of Greek exports.

In fact, exports to the EEC increased and indeed the offsetting of Greek imports from the Community by Greek exports to the Community increased notably: From 41.7 percent in 1981 to 43.1 percent in 1982. But let us recall that in 1970 the EEC took in 52.2 percent of all Greek exports, whereas in 1982 the figure came to 46.3 percent. That is, its role in Greek exports decreased.

And in principle, this is a positive factor because it shows that the Greek economy is diversifying with respect to its customers.

The same thing is true of the Greek exports to the developed West as a whole. The countries of the OECD took in 68.3 percent in 1970 and 60.5 percent in 1982.

On the other hand, the CEMA countries took in 16.6 percent of all Greek exports in 1970 but only 8 percent in 1983 [sic]. But this does not negate the fact that the balance of commercial relations between Greece and CEMA is in principle better than what it is with the West. The offsetting of imports by exports in Greece-CEMA relations was 70.1 percent in 1981 and 74.9 percent in 1982. Therefore at least from an accounting standpoint, and as long as this relation does not deteriorate, commercial relations with this area of the world are "beneficial."

As for the countries of the Middle East and north Africa (essentially the Arab countries), the facts agree even less with the superficial and politically slanted analyses. Their share in Greek exports was 6.7 percent in 1970 and 25.6 percent in 1982. That is, in essence a large part of the developmental progress of Greek exports is due to these countries. As for the balance of relations with them, the above-mentioned offsetting coefficient, despite the burden of oil imports, was 72.6 in 1981 and 43.8 in 1982. Its spectacular drop perhaps also explains to a large degree the decline in total Greek exports. And this ought to gravely concern the responsible officials.

#### The Competitors

Not because it is due to "obscure" political factors. A primary role was played by the decline in revenues of these countries from the decrease in the price of oil. But clearly a significant role was also played here by the decrease in the competitiveness of Greek production, the lack of organization of exports, and the systematic commercial "offensive" by countries which are offering similar products (cement, construction materials, foodstuffs, consumer goods), such as South Korea, India, Turkey, and so forth.

And since it is difficult for anyone to compete with the low costs in these countries (a day's wages are 10-20 times lower), other products and another economic strategy are needed.

In any case, even with the drop in 1982, the circumstances of the commercial relations with these countries are at least equally as "good" (or "bad") as with all the other cases which have been already mentioned.

7. And here is something more "positive" concerning the relative evaluation of our exports to the various regions of the world. Whereas the makeup of Greek exports as a whole shows a percentage of 52.8 percent for strictly industrial products, our exports to the countries of the Middle East and north Africa include 68.7 percent for industrial products, and in fact 10.4 percent for "machinery and vehicles." That is, with respect to these, Greece is playing the role of an "industrial" country, while from them it is importing raw materials, and above all oil. In principle this is a "model" for relations which is especially favorable to the Greek economy, in contrast to the pattern which is gradually developing in its relations with the "socialist countries," to which it exports far less industrial products (30.5 percent) and far more raw material (about 30 percent) and

agricultural products (40 percent). The situation in its relations with the EEC is somewhere in between (32 percent agricultural products, 56 percent industrial, 12 percent raw materials and fuel), while with the United States there is a distinctive relationship (22 percent industrial products, 18 percent agricultural, and 60 percent raw materials and fuel).

If one adds to this that it is theoretically more desirable to export industrial products to countries where the pay for labor is lower (as A. Emmanouil has so unorthodoxly, but so persuasively argued), the remaining conclusions follow more or less of their own accord.

12114

CSO: 3521/429

## AGREEMENT TO PURCHASE POLISH MULTI-PURPOSE AIRCRAFT

Athens TO VIMA TIS KYRIAKIS in Greek 21 Aug 83 p 1

[Text] Tomorrow at midday, the agreement on the purchasing of 80 Polish aircraft for "multi-purpose" applications, such as extinguishing fires, aerial spraying, and so forth, is to be signed at the Ministry of National Economy.

The value of the purchase is \$135,000 for each aircraft, with especially advantageous terms of purchase. With this agreement, which was concluded by the appropriate alternate minister of national economy, Giannis Pottakis, two thirds of the value of these aircraft will be paid off by means of exchanges of agricultural products, and the remainder will be offset by old commercial debts of Poland to our country.

According to the terms of the agreement, which will be signed by a special Polish delegation now in Athens, the first 30 airplanes will be delivered by the end of August, while the delivery of the other 50 will be spread out over the coming months.

As an appropriate governmental figure assured TO VIMA, with the purchase of these 30 Polish aircraft--which will join the existing force of 20 "Grummans" and other special aircraft--all involvement by private parties in matters of aerial spraying, seeding from the air, and so forth comes to an end.

The new fleet which is being created will adequately meet the relevant needs of Greek agriculture, since the appropriate committee of specialists from the GEA [Air Force General Staff] and appropriate ministries had proposed the purchasing of the Polish aircraft as being "multi-purpose" and suited to the needs of our country.

It was decided by the same committee that the "Canadairs" (of Canadian technology) not only were very expensive, with their cost amounting to \$7 million each, but also would not be able to serve other needs (aerial spraying, and so forth), aside from those of the extinguishing of forest fires.

12114

CSO: 3521/429

## SAGUNTO INDUSTRIAL LOCATION URGED TO RELIEVE AHM OVERAGE

Madrid EL PAIS in Spanish 27 Sep 83 p 47

[Article by Jaime Millas, Valencia: "Industrial projects ready for manpower surplus at AHM"]

[Text] The Ministry of Industry and Energy and Ministry of Agriculture, Fishing, and Food have asked the administration--on proposal of the Sagunto economic advancement commission which met yesterday in Valencia--urgently to establish industrial and agribusiness parks in the Sagunto area.

At the end of the commission's meeting it was also announced that a nitric acid production plant project would be located in Sagunto; it would require a personnel force of 500 individuals and is promoted by the National Fertilizer Enterprise; an auto industry support sector project with a personnel force of 400 workers, proposed by a foreign enterprise; and others which are now in the negotiating phase and which have to do with business initiatives in the food, metallurgy, and textile sectors.

The establishment of these parks presupposes the grant of extensive financial and tax assistance for investments, among which stands out the grant of subsidies of up to 30 percent of the value of the investment and a government loan of up to 70 percent of the unsubsidized investment. This commission is chaired jointly by Segundo Bru, Industry, Commerce, and Tourism Advisor to the Valencia Generalitat, and Oscar Fanjul, technical secretary-general in the Ministry of Industry and Energy; it also proposed the creation of an employment promotion fund to cover all surplus workers at Mediterranean Blast Furnaces who wish to join up and to permit the completion of the prior investment incentives with a relocation bonus for a new and steady job; the amount here would fluctuate around 1.5 million pesetas.

The economic promotion commission, whose resolutions could be approved by the cabinet during one of the next sessions, before the expiration of 15 days, would create a management office located in Valencia and would hold periodic meetings of the subgroups constituting it and its two chairmen.

On the other hand, the signature drive against the decree ordering the conversion of the steel plant, approved by the cabinet on 6 July, has topped the constitutional requirement of half a million. Labor union sources announced that the signatures collected until yesterday numbered exactly 585,000, including an advance commitment from Barcelona, coming from militants of the Socialist Party of Catalunya and from the CC00 [Workers Commissions].

## AGREEMENT FOR SECOND REPAYMENT OF MEXICAN DEBT

Madrid ABC in Spanish 22 Sep 83 p 56

[Text] Spain and Mexico yesterday signed a protocol which put an end to the negotiations between both countries under whose provisions the second country is to pay the debt of \$280 million owed to Spain. The bilateral agreement, which will spell out the final manner of payment, will be signed within 15 days, according to Spanish Secretary of State for Commerce Luis Velasco.

The Mexican debt can be broken down into two major groups, as was explained by the Spanish official. The first one relates to the banking system, that is to say, the loans granted by Spanish outfits, on which a document was signed a month ago. The second category has to do with the debt owed to government institutions for exports.

"The latter," said Luis Velasco, "are covered by the so-called Club of Paris where a multilateral agreement was signed with all creditors. For the moment we have renegotiated installments that are due for the period of 1983-1984, involving \$105 million of the total debt which comes to something like \$280 million."

"Payment," Luis Velasco indicated, "will be made over a period of 5-1/2 years, with the first 2 years constituting the waiting period and the only thing that remains to be done is to fix the interest rate."

During the meetings held by the Spanish Secretary of State Luis Velasco and Mexican Minister of Commerce and Industrial Development Hector Hernandez, three groups of subjects were taken up: commercial, debt, and industrial cooperation.

In the first of the headings mentioned, specific agreements were arrived at to facilitate the improvement in Spanish exports to Mexico; in the second one, confirmation was given for the standardization of payments, both of Mexican public debtors as well as short-term credits and private debtors.

Regarding the commercial debt, a reorganization system was worked out for the insured debt. Negotiations were continued to facilitate maximum coverage for the uninsured debt.



## ENVIRONMENT MINISTER: INDUSTRY MUST PAY FOR ENFORCEMENT

Stockholm DAGENS NYHETER in Swedish 15 Sep 83 p 18

[Interview with Ulf Lonnqvist by Anna-Maria Hagerfors: "Environment Minister: Industry Must Pay Increased Environmental Inspection"; date and place not given]

[Text] The Ministry of Agriculture is to make a review of how the reinforced environmental protection law is being applied. "It must become expensive to violate it," says "Environment Minister" Ulf Lonnqvist in a DAGENS NYHETER interview. It may become necessary better to educate the prosecutors. In addition, we are proposing this fall that the industries should pay a fee to be used in order to reinforce inspection, through a future Environmental Control Corporation," Lonnqvist says.

Ulf Lonnqvist is the Social Democrats' "environment and sports minister" at the Agriculture Ministry. How does he view the alarming reports in DAGENS NYHETER that the Concession Board nowadays issues guideline figures to industry instead of limit figures for allowable discharge? Is this an evasion of the law?

## Tougher Punishment

How does he view the fact that the regional governments do not have time or do not want to report violations for prosecution? That the prosecutors are closing the cases?

[Answer] We will review the entire application of the environmental law. As for the Concession Board, I will scrutinize their practices. I assume that the board cannot interpret the law. We also have not received any appeals. But the spirit is that one is supposed to check up on and punish transgressions more forcefully.

As for enforcement, we will come out with a proposal this fall that industry should pay the cost of both investigation and enforcement. With the help of that money we can then give the authorities more resources for control.

The fact that prosecutors are closing cases may be for the reason that they have too little experience in the field. It may become necessary to provide them with special training.

#### Better Inspection

[Question] The Nature Protection Agency says that 30-40 percent of all discharge is illegal. Is that satisfactory?

[Answer] If that is the case, it is a very high figure. We must change that through better inspection. It must become expensive to violate the environmental laws.

[Question] But the regional governments do not think that the concept of fees for industry will provide better controls, only more bureaucratic work and more records. Is the money to be earmarked, so that it will actually be used to reinforce personnel?

[Answer] No, no earmarking. We collect money for the state treasury which then allocates funds for expanding supervision.

[Question] The regional governments also fear that cooperation with the industries will become more difficult.

#### Used to Paying

[Answer] The public sector has always been sceptical to surcharges. But people in industry are used to paying. Testing and inspection may be seen as some sort of consulting job.

[Question] Is there risk that industry will now be given a chance to put the blame on someone else? "We have paid the authorities to check on that ..."?

[Answer] The risk exists, and that gives the authorities increased responsibility.

[Question] Parliament has urged the municipalities to take over inspection voluntarily. Is that good?

[Answer] Most municipalities do not have the competence. We want an Environmental Control Corporation, an independent organization, where the authorities can buy expert help for their supervision. In the end it will be industry which will pay with the fees. But this will take some time to study.

#### Combined Evaluation

[Question] Cannot municipalities or regional governments be impartial? Is there not risk that the environmental demands will be set aside in order to keep the jobs?

[Answer] The Concession Board already takes employment and economy into account when issuing its permits. A combined evaluation must be made.

[Question] So it is not in the picture to let for example a decentralized Nature Protection Agency take care of inspection without regional considerations?

[Answer] We have not discussed that issue.

[Question] Is it a good thing that the companies themselves are developing the foundation for the authorities to determine how hazardous their activity is for the environment?

[Answer] Environmental thinking must enter into the entire process. It is important that whoever starts a production process is responsible for how it works. After that the Concession Board will have to determine whether or not it believes the company.

[Question] From the discharge of poison to other environmental hazards. The West Germans intend to change over to unleaded gasoline. Is it time for Sweden to follow suit?

[Answer] Our goal has been that many countries must participate, since it requires altering the construction of the cars. If the Germans are going to unleaded, we can follow more rapidly than the Automobile Exhaust Committee requires.

#### Increased Liming

[Question] When it comes to acidification of lakes, we often blame the Ruhr region. But the principal source of acidification in Sweden is still Sweden. What do we do about that?

[Answer] In 1975 we said that we would cut the discharge in half in 10 years. At that time we released 800,000 tons of sulfur dioxide. In 1984 we will have cut that figure in half. At that time we spent 10 million a year on liming of lakes. Now we are spending 65 million. We have also acquired increased understanding of what other countries must do in order to limit their discharge.

[Question] Is it a good thing that we are using as many chemical controls as we are?

[Answer] No, definitely not. We have appointed a chemical commission in order to get a combined grip on the chemicals. It is not certain whether instituting fees for chemical controls is the correct method. The chemical commission may come up with an entirely different proposal.

## Less Nitrogen

We will also limit the use of nitrogen by means of legislation or surcharges in especially sensitive areas.

[Question] What is the difference between the environmental policies of the Social Democrats and those of others?

[Answer] We are not tied down either by business and industry or agricultural and forest interests. This is why we have never been afraid of tough environmental legislation and measures against environmental destruction no matter where it occurs.

[Question] But you do not have a particularly good reputation among environmental activists.

[Answer] A party which has had government responsibility for 40 years has to symbolize everything that has turned into a problem. But there is no area in which the reform activity was as rapid as in environmental protection during the 1960's and up to the mid-1970's while we were in power.

11949

CSO: 3650/302

## COMPARISON OF ALIEN LEGISLATION IN FIVE EC COUNTRIES

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 9 Sep 83 p 12

[Article by Annette Groth of the "Ecumenical Research Exchange" in Rotterdam:  
"Is Bonn the Forerunner of a Hard Line Against Foreigners?"]

[Text] In all West European countries there is a trend toward a toughening of the laws on foreigners. However, a comparison of the laws of five EC countries, Belgium, the Federal Republic of Germany, France, Great Britain, and Holland, clearly shows that the laws in the Federal Republic are particularly restrictive. Is Bonn, with its hard line, taking over a "forerunner role" here? Do the restrictive laws against foreigners violate international agreements? Annette Groth has investigated these questions in a research project in which she studies "Model and Measures for a More Just and More Participatory Policy on Foreigners in the EC." She presents the results of her research in the following article.

In a comparison of the laws regulating foreigners in the five EC countries, the restrictive laws of the FRG stand out. Above all, the regulations on bringing families together are more restrictive in the Federal Republic than in any other country. Only there are children over 16 forbidden to join their parents, and a further reduction of the age to enter the country to six years is under consideration at present by the Federal Government.

The trend toward a toughening of the laws on foreigners can be seen in all countries, and it is feared that the FRG is taking over the position of a "forerunner" of a "hard line" against foreigners, so that a gradual acceptance of such a restrictive policy seems possible in the neighboring countries. Indications of such a development are the present discussion in Belgium on the possible establishment of an upper limit of 15 for children to follow their parents into the country and the introduction of a visa requirement for Turks in Holland and in Belgium after it was passed in the BRD.

It must be asked whether the restrictive legislation on foreigners with its diverse directives does not violate a series of international agreements and to what extent it is in accordance with the rights guaranteed by the individual countries.

As early as 1972, before, that is, the introduction of numerous tougher regulations in the law on foreigners, the opinion was expressed that the "limitations of the law on foreigners clearly violate Articles 19, 20, and 23, as well as General Articles 2 and 30 of the General Declaration of Human Rights of the UN," and that their use leads again and again to a violation of even the minimum standards of international law on the rights of foreigners."<sup>2</sup>

The same author holds that "the law itself is a violation of the constitution in that it forbids all political activity and gives indefinite powers to almost unlimited administrative interpretation" (cf. Basic Principle of the Legality of Administration, Principle of the Separation of Powers, 20 III, 20 II 66).<sup>3</sup> Even federal constitutional law declares that directives on foreigners "do not have to do with legal norms, but with administrative regulations that have no basis in law."<sup>4</sup>

Heldmann speaks therefore of a lack of legal basis for the law on foreigners. "The police dealing with foreigners can lock up the guidelines for the application of the law in their drawers and present their client every new directive and every guideline change as a 'new law' (from this, lawyers for foreigners can thank their clients for many innovations in our legal system, for example, ... there is a new law that forbids bringing foreign marital partners together.)" It is certainly true that constitutional protection for marriage in the FRG is not guaranteed if the entry of marital partners of foreign juveniles who have not yet lived eight years in the FRG and have not been married at least one year is prohibited. This constitutional protection is included "among those of the neighboring (French) legal system," for according to the French supreme court it is unconstitutional to prohibit the entry of the marital partner of a foreigner who is legally residing in France. The authoritative legal statement reads: "It follows from the general basic laws and particularly from the Preamble to the Constitution..., that foreigners legally residing in France have the right, just like French citizens, to lead a normal family life. This right specifically includes the right of foreigners to have their spouses and their minor children follow them."<sup>6</sup> Since Article 6 of the constitution reads that "marriage and the family stand under the special protection of the law, and children may only be legally separated from the family when those authorized to bring them up cannot do so or when the children may otherwise be neglected,"<sup>7</sup> preventing the entry of children older than six would be "highly questionable under constitutional law."

It must be stressed that the legal literature "speaks clearly and plainly for the unconstitutionality of prohibiting the entry of minor children." Also, the deliberations of the German government on not extending residence permits for juveniles who have followed their parents to the country if they could not show that they had an apprenticeship or a job collides "with the legal residence directive of Article 6, Paragraph 1 of the constitution, which protects an existing family community of parents and grown children," because this proposal leads to a final separation of the family."<sup>8</sup>

Belgium still has the most liberal laws on foreigners in comparison with the four other countries. A foreign worker can have his wife and his children up

to age 21 follow him to the country under the provision that he can show he has a job at the time of the application. For the children to follow, both parents must be living in Belgium. After a stay of three months, the family members receive a residence permit for five years, and usually for an indefinite period. Also, the entry of spouses of the "second generation" is permitted without limitation, but they are only given an unlimited work permit after three years.

In practice, however, it looks as if the police dealing with foreigners demand proof of the "genuineness" of the marriage of the couple in question, so that an inspection of the residence is usually made to see the common bedroom. The right of bringing the family together can be refused on the basis that "the person in question could harm 'public order,' 'public peace,' or the 'security of the state.'"<sup>9</sup>

The regulations for bringing families together, which up to now have been so generous, are to be limited along the German model so that in the future only spouses of foreigners may enter when these foreigners have been living in Belgium at least eight years and when the marriage is at least one year old. Also, the right of the family members following to an unlimited work permit will be denied.<sup>10</sup> Further restrictive measures being considered at present by the Belgian government are the reduction of the entry age of juveniles to 15 and the introduction of a ban on foreigners entering areas that have a foreign population of 25 percent. Such a regulation violates the still valid Belgian law that specifically forbids such quotas. Besides, such an entry ban would violate the bilateral agreement between Belgium and Morocco, which guarantees citizens of Morocco the freedom to live wherever their job and residence is. Since the prohibition is already being carried out in some communities of Brussels by the refusal to allow foreigners to register in the Resident Reporting Office, which means that no residence permit is issued and no social guarantees are made, critics speak of the "undermining and breakdown of democracy in Belgium."<sup>11</sup>

Also, a directive that provides for collecting a school fee from foreign pupils is a violation of Belgian law, which guarantees "tuition free" schooling of foreigners with residence permits.<sup>12</sup>

The law against racism, discrimination, and xenophobia that was passed in 1981 after over ten years of debate has up to now had little practical effect against increasing enmity toward foreigners. In contrast to the corresponding Dutch law, it does not penalize the distribution of racist material.

In Holland, criticism is aimed mainly at the regulations on following spouses of foreign juveniles as well as their differing status on residence permits.

The entry of spouses of members of the second generation to Holland is only permitted (since 1981) when the marital partner who lives in Holland earns the minimum wage set for workers older than 23 (1,435 Dutch gulden -- net)!

Since the minimum wage for juveniles is much lower, the spouse living in Holland must consequently be at least 23 years old to be able to fulfill this requirement. A further condition is the proof of a dwelling, that is, a married girl who still lives with her parents may not bring her husband into the country.

The Dutch legislation on foreigners divides allochthonous juveniles, who must have their own legal residence status after their 21st birthday, into three categories: juveniles who have lived at least five years in Holland receive permission to live there permanently; juveniles who have lived between three and five years in Holland receive a limited residence permit, and those who have not lived in Holland for three years and who cannot support themselves alone without government financial assistance receive no residence permit. This means that these juveniles must live with their parents until they can show three years of residence in order to receive a limited residence permit. Otherwise they run the risk of being deported.<sup>13</sup>

Like the immigration regulations for marital partners of foreign juveniles, the regulations for "mixed" marriages, where the foreign partner has no residence permit, represent in this case a violation of Article 12 of the European Human Rights Convention (the right of men and women of marriageable age to marry and have a family).

For the foreign partner without a residence permit to be granted one on the basis of a marriage with a Dutch citizen, the couple must fulfill the following requirements:

- The foreign partner may not have an "extensive criminal past;"
- The couple must have both sufficient living space and financial means to be able to live;
- The marriage must be "genuine."

Although the text of the law in question states that the couple in question must show a minimum income of 1,450 Dutch gulden, thus assuring a livelihood, the income of the foreign spouse in question is usually not added to the required sum. This means that a Dutch woman who marries a foreigner and wants to live with him in Holland must earn at least 1,450 gulden for her husband to receive a residence permit. This means that neither unemployed women nor those who earn the legal minimum wage up to 23 years of age, which lies under the 1,450 gulden limit, can marry a foreigner if they want to live in Holland with him.<sup>14</sup>

In the matter of bringing families together, juveniles may still enter the Netherlands up to their 21st birthday. Since the Dutch government intends to change the age of majority to 18 years in the near future, the top limit of entry into the country would be correspondingly lowered. The prerequisite for bringing the family together is the proof of at least one year's work and the prospects of work of at least one year; sufficient living space must also be shown.



With the election victory of the socialists in May 1981, the French law on foreigners, particularly on deportation, become more liberal. Thus the deportation of minor foreign juveniles is forbidden, as well as that of those foreigners who have been living in France for 15 years. Furthermore, no foreigners in the country may be deported if they have been married for at least six months to a French citizen, and when they are parents of one or more French children. The only limitation on this deportation ban is an offense against "public order or safety."<sup>15</sup> However, because of a decree of May 1982 the conditions of entry into the country have been significantly tightened up. According to this decree, the border officials must demand of the entrant, along with his passport, proof of housing possibilities. Three months later this decree was made more restrictive in that the mayors of the French communities with whom this "housing proof" must be filed by the "host family," can refuse it if they "have the impression that the housing of the entrant is not taking place under normal conditions."<sup>16</sup>

It is easy to see the arbitrary nature of the granting of an entry permit for visiting a relative in France or for tourist reasons resulting from this addition, which is not published anywhere. This decree clearly violates the bilateral agreement between France and Algeria of 1968, which grants Algerians with a valid passport entry and residence in France up to a maximum of three months.

Foreigners who have had a residence and work permit for at least a year have the right to bring their families together. Marital partners and children under 18 may enter (for EC members and girls from Spain and Portugal, the limit is 21), providing regular and sufficient income for the livelihood of the joining persons is shown, as well as sufficient living space. Family members have a claim to a work permit providing they find an employer and providing the employment market is not unfavorable.

Since 1972 there has also been a law forbidding every form of discrimination, but in practice it has remained almost without effect. On the contrary, the number of racist assaults, above all against Jews and North Africans, has steadily increased since 1974.

Legislation on foreigners in Great Britain has, since the coming into force of the nationalities law in January of this year, become extremely complicated. This law divides English citizenship into three categories:

First, British citizens, that is, all citizens with a mother born in Great Britain. Furthermore, all those who were born in Great Britain before 1 January 1983 or who have obtained citizenship there, and those whose parents or grandparents were born in Great Britain or who have been naturalized.

The second category is made up of the citizens of the territories dependent upon Great Britain ("British Dependent Territories Citizens").

"British Overseas Citizens" make up the third group.

Only the first category has full citizenship rights such as the right to vote; the members of the two other classes of citizens are subject to immigration regulations. Entry regulations into England are extremely restrictive, and workers from the New Commonwealth (all commonwealth states besides Australia, Canada, and New Zealand) have practically no chance to step on British soil anymore.<sup>17</sup>

An employer can receive a work permit for a foreign worker outside the EC only with proof of four weeks of unsuccessful advertisement of the position. Besides this, he must prove that the foreigner for whom he is requesting a work permit has the necessary qualifications and experience for the job in question.

A work permit is granted for a maximum of 12 months and is usually renewed at the request of the employer for another year. After four years of work, immigrants are permitted to work without a work permit and to "move around" in the country without restriction.

Foreign workers can easily get into an "illegal" situation in Great Britain, for when they are fired and hampered by restrictions on drawing unemployment payments, they are often forced to accept a job before the Labor Office has given its permission. The employer can also pretend to have a work permit, and this is something the worker cannot check on. If an illegal person is detected, the official in charge may arrest the illegal for an indefinite period without having to initiate court proceedings. In most cases, the illegal person is deported. Furthermore, foreigners can be deported at the order of the Minister of the Interior if there is a "disturbance of the public order." This also applies to the wife and children of a deported foreigner.<sup>18</sup>

One result of the nationalities law is that EC members have more rights in Great Britain than English citizens of the second and third category and that these latter citizens have more rights under certain circumstances in other EC countries than in Great Britain. For example, an English female citizen who was not born in Great Britain and neither of whose parents were born in Great Britain can work in an EC country and have her husband join her according to the rules for bringing families together, while this right is denied her in Great Britain. In view of the discriminatory nationalities law, it might be asked whether it does not stand in contradiction to the English nondiscrimination law that was passed as early as 1965 and amended in 1968 and 1976 to make every form of racial discrimination a punishable offense.

Since February 1973 the prohibition of husbands of foreign wives to join them in the country has been lifted, but the couple must show that the marriage was not entered upon just to get the husband into Great Britain. The following of children under 18 years is permitted under the condition that there is sufficient living space and sufficient financial means.

In conclusion it must be said that the most restrictive regulations are to be found in the FRG and in Great Britain. It must be emphasized, however, that immigrants to England in contrast to those in Germany have a secure residence status after just four years in the country, since at that time they need neither a work nor a residence permit.

With the exception of Belgium, all receiving countries demand as a condition for the right to bring the family together the proof of sufficient living space for the family members following, but only France and the FRG prescribe an exact number of square meters of living space per person. Here it must be asked whether these regulations are not a violation of Article 14 of the European Human Rights Convention, which forbids discrimination and promotes treatment equal to that of natives. In the FRG, these regulations have already been designated "constitutionally problematical" in view of Article 3, Paragraph 1 of the constitution, since they imply an "unequal treatment in relation to Germans."

In all receiving countries, the executive regulations for the law on foreigners are determined by means of internal, unpublished circulars within the administrative units, and this often makes the legal position of foreigners quite unclear. That is, the rights that they have according to law are in some cases eliminated or refused by directives, so that the result is considerable uncertainty among the immigrants.

The large area of possible interpretations and judgments allowed to the authorities through directives and internal circulars makes it possible for individual officials to treat foreigners arbitrarily.

#### FOOTNOTES

1. cf. NRC of 4 Aug 1982: "Immigranten: overgeleverd aan willekeur," [Immigrants Exposed to Arbitrary Treatment] and PRESSE ET IMMIGRES EN BELGIQUE [Press and Immigrants in Belgium], 1/83, p 34, Centre d'Information et d'Etudes sur les Migrations, Bruxelles. [Center of Information and Studies on Immigration, Brussels]
2. Haris Katsoulis, BUERGER ZWEITER KLASSE [Second Class Citizen] p 93, Campus Publishing Company, 1978.
3. Ibid.
4. H.H. Heldmann, "Die Wissenschaft vom Ausweisen" [The Science of Deportation] in Christian Hebbe (editor), AUSLAENDER DIE VERFEMTEN GAESTE [Foreigners the Outlawed Guests], p 106, SPIEGEL-BUCH 33, 1983.
5. Ibid.
6. Ibid. p 107.

7. Constitution of the Federal Republic of Germany, Section on the State of North Rhine Westphalia, Article 6, p 5.

8. Informationsbrief Auslaenderrecht [Information Letter on the Law Concerning Foreigners]. 4/83: B. Huber, "Die Empfehlungen der Bund-Laender-Kommission 'Auslaender politik,'" [The Recommendations of the Federal-State-Commission "Policy on Foreigners"], pp 98 and 99.

9. Martens/Walleyn/Hobin/Muelenaer, "Diviser pour regner -- Le racisme comme strategie," [Divide and Conquer -- Racism as a Strategy], Brussels 1983 pp 65-66.

10. Ibid. p 86.

11. PRESSE ET IMMIGRES EN BELGIQUE [The Press and Immigrants in Belgium] 1/83, pp 20 and 26.

12. Ibid. p 15.

13. Gerd Caarls, "Burgelijke en politieke rechten van migrerende arbeiders," [Civic and Political Rights of Immigrant Workers], unpublished manuscript, May 1983.

14. VRIJ NEDERLAND of 12 February 1983.

15. "Travailleurs Immigres l'apres 10 Mai 1981" [Immigrant Workers after 10 May 1981], CIMADE-INFORMATION, Paris, November 1981, p 17.

16. PRESSE ET IMMIGRES EN FRANCE [Press and Immigrants in France], December, 1982, p 3, Centre d'Information et d'Etudes sur les Migrations, Paris [Center of Information and Studies on Immigration, Paris].

17. BRITISH NATIONALITY -- THE NEW ACT, published by the Joint Council for the Welfare of Immigrants, London, January 1982.

18. cf. PERMITTED TO WORK -- BACKGROUND REPORT ON MIGRANT WORKERS, published by the Migrant Services Unit, London, October 1981.

19. INFORMATION LETTER ON THE RIGHT OF FOREIGNERS, 4/1983, p 98.

9124

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## NORDIC COUNTRIES PLAN MOVES TO STEP UP PEACE DRIVE IN UN

Oslo AFTENPOSTEN in Norwegian 23 Sep 83 p 39

[Text] Prior to the fall meeting of the General Assembly, the five Nordic countries have presented a proposal aimed at strengthening the peacekeeping capacity of the United Nations. Among other things they favor having the Security Council hold periodic high-level meetings. The countries also expressed concrete views on how to improve the United Nations peacekeeping operations.

In this way the Nordic countries have followed up on and expanded the ideas and viewpoints which Secretary General Javier Perez de Cuellar voiced last year when he presented his first annual report to the General Assembly. The UN delegations of the five countries have had concrete discussions in a working group as to what can be done and prepared a report which has been sent to the Secretary General and which will accompany his annual report when it is discussed in this fall's General Assembly. The group has emphasized the recommendation of concrete and action-oriented steps. The Norwegian member of the working group was Minister Ole Petter Kolby.

The group supports de Cuellar's idea that the Secretary General should play a more active and direct role to prevent dangerous conflicts from arising. To the extent this is possible, he should try to anticipate developments and this should occur in close cooperation with the Security Council.

With respect to the proposal of high-level Security Council meetings, the Nordic lands would like two meetings a year at the foreign minister level, AFTENPOSTEN has learned. The report points out that the United Nations treaty provides access to such a practice. But this has never been properly tried out. It is the feeling of the group that this could strengthen the opportunities of the United Nations to prevent the outbreak of armed conflicts.

On the basis of strong Nordic traditions and experience when it comes to peacekeeping operations, the group discussed what can be done to make such activities more effective. It was recommended that the possibilities for sending peacekeeping forces into conflict areas before an armed conflict

erupts be investigated. It was also stressed that peacekeeping forces should be given a clearly-worded mandate and a definite area of operation. This has not always been the case and although this is not mentioned directly in the report, one of the things this involves is the working conditions of UNIFIL in Lebanon.

The group rejected the idea of making the peacekeeping forces more militarily effective. It was pointed out that the peacekeeping force is not meant to have the character of a regular army but that its primary task is political. The group felt it was another matter that in some cases it would be the right thing to do to improve a peacekeeping force's chances of defending itself.

The working group supported streamlining the work in the special bodies of the United Nations. In the view of the group the conflict in the Middle East has all too often hindered the work in special groups. This kind of increasing politicizing of the important work that should be done in the special bodies is something that all sides will lose from in the long run, in the opinion of the Nordic group.

6578

CSO: 3639/1

## PERFORMANCE OF ENGELL, OTHER MINISTERS EVALUATED

Copenhagen BERLINGSKE TIDENDE in Danish 9-15 Sep 83 p 2

[Commentary by Hans J. Poulsen]

[Text] When the Schluter government saw the light of day about 12 months ago, a number of politicians of the four parties in the coalition were obvious candidates for ministerial posts. Others felt called but were not among those chosen. And, eventually, the four-leaf clover fetched reinforcements from the outside in the form of five ministers who politically were more or less unknown. Names which were plunged headlong into the political crucible where they now participate in shaping the policies of the government. WEEKENDAVISEN [weekend edition of BERLINGSKE TIDENDE] has tried to find out how the five ministers found the transitional phase. The task as minister has not deterred them from becoming active politicians in the long run. They all seek to become elected to the Folketing in the next election.

Where the Majority Solution Always Becomes the Right One

Isi Foighel, 55, (Conservative Party) is a professor of fiscal legislation, who, without political training and experience, became minister of a politically sensitive area. The pensive university lawyer who has had to recognize that the premises of one's work assume a different character when one is suddenly placed in an executive and legislative role as minister of taxes and public revenues.

"In my hitherto work as a university professor and international arbitrator, my objective has always been to find the right solution. I am now faced with a Folketing where the right solution is always the solution of the majority. There is no other solution. And that may be a problem.

That does not necessarily mean that the majority solutions which are carried through are not the right ones. The Folketing reflects the society, and different positions and interests exist within the area of taxation. What I consider the right solution from a scientific point of view need, of course, not necessarily be the right solution once it is carried out in practice.

It has been a handicap to me that I did not know the politicians beforehand with whom I was to cooperate. I have sought to remedy this by walking around in the hall during meetings and negotiations, talking to politicians from

the other parties. It is true, of course, that I have to pursue the tax policy of the government, but I do not have to play tricks on or to fool political opponents. However, I am also aware of the fact that, in the party policy life of the Folketing, put a bit awkwardly, it is a question of scoring positive points for one's own party and negative points for all the other parties."

The minister of the Tribute Money recognizes that the amount of work has surprised him:

"If I had known it, I would have hesitated even more to accept the post of minister. I have not been able to take more than 1 week off in total, and the working days are very long. Off and on, I have been so tired that I could stand up and sleep. But I do not belong to those who whine.

I came from a life as peaceful and quiet as I myself wanted it. As a politician, one gives that up, and it is part of the game to be called an idiot even in areas where one believes this not to be true."

The task as minister has not deterred Isi Foighel from becoming a "true" Folketing politician. He expects to present himself as a candidate in the coming election.

"Being a member of the Folketing, I shall have a much better possibility of keeping up with new developments in the area of fiscal legislation once I return to my professorship."

#### A Handicap

Hans Engell, 34, (Conservative Party), was not unfamiliar with the conditions at Christiansborg [parliament] when he was appointed minister of interior. As a political journalist and later on head of the Conservative Party's Information and Press Service, he had, for a number of years, been frequenting the Folketing on a daily basis. On the problem associated with being a minister without a seat in the Folketing, Hans Engell says:

"It is some kind of handicap if one is not beforehand a member of the Folketing. For one is unfamiliar with the methods of work in the assembly hall and in the committees. But in that area I have probably been more privileged than others even if I have had to learn to cope from scratch. As a minister, one needs to establish a relationship with other parties, and, here, the new minister who has not been a member of the Folketing previously may very well have difficulties.

Even if it may have its advantages coming from the outside with fresh approaches, I believe that there are more disadvantages. Off and on, one may certainly feel a bit lost.

With a life divided between administrative and political tasks and with from three to five meetings a week to attend elsewhere, one's private life, of course, becomes of secondary importance. So I nod my head in recognition of a number of the views advanced by Tage Dræbye, member of the Folketing, when he announced that he will withdraw from politics in the next election.



That is not to say that I complain of the conditions. But the administrative burden is considerable. To this comes that one, of course, is working on some ideas oneself which one would like to have implemented."

Since his appointment as minister of defense, Hans Engell has decided to seek election to the Folketing and has been nominated as his party's candidate in the Slagelse-Korsør constituency.

#### A Pointer to Reality

Britta Schall Holberg, 42, (Liberal Party), became minister of interior with a ballast of experience in municipal politics as deputy mayor at Assens, participant in organizing work and what she herself, in Krak's Who's Who, refers to as "contributions to debates."

The ministry of interior was established as early as in 1848 and has always been considered the most rigid and dusty ministry within the central administration.

How did an outsider find it?

"One has got to be quick in the uptake. All the time one has to walk the tightrope between maintaining an attitude of reserve toward 'the system' at the beginning and, at the same time, showing confidence in it. As a minister one cannot exist if one comes with a preconceived negative attitude toward the government machinery.

The pace has been tremendous, much more so than I expected. However, my years as a municipal politician have been extremely valuable for me in my first year as minister. They have given me a pointer to reality which I would not have done without.

This 'pointer' also helps me when ideas and proposals land on my desk which do not agree with my own viewpoints. As you know, it is being said that what a civil servant has not been able to get a former minister to implement, he may try to get the new minister to take up for consideration. However, it has not been more difficult than I expected to have one's own ideas implemented.

Whether it has been a handicap for me to enter the government directly without having a seat in the Folketing I have no way of knowing. For I lack a standard of comparison. In my cooperation with my fellow party members, I have benefitted from being able to send them "on errands" for me during the legislative work. However, the very atmosphere of the Folketing one has got to get to know oneself by being present, even if it, of course, is not needed if one has got no vote in the Folketing."

### 'Usually Done' Is Out

Elsebeth Kock-Petersen, 34, (Liberal Party) was a civil servant m/f within the Ministry of Foreign Affairs when she took over the Ministry of Church Affairs. Not as a theologian but as an attorney and--a clergyman's daughter. She has been active in the organizing work of the Liberal Party and was for a short period of time (1975-77) a member of the Folketing, for which she is still running.

"I find it a great advantage that I knew the procedures of the Folketing beforehand. However, it is a place of work which has changed. The atmosphere used to be more convivial, which may be an advantage when one has got to talk business.

It has also become far more usual than it used to be for all members of the Folketing to take a stand. All these hectic statements make people feel needlessly confused. And that is a pity. It gives less democracy and more of Christiansborg [parliament]. Previously, people would, indeed, take the time to think twice before making rash oral or written statements in articles.

Beyond being minister of church affairs, I feel like an ordinary political creature and like to keep up with things going on in other areas than my own. That is why I also attend meetings at Christiansborg when the issues of others are on the agenda. Of course, I have got no vote to exert in the Folketing, but I still try to attend the sittings of the Folketing as well as the meetings of the Folketing group of the Liberal Party."

On her attitude toward the work within the Ministry of Church Affairs, Elsebeth Kock-Petersen says:

"Starting working, as I have done it, with the attitude that 'usually done' is out puts demands on a person, for civil servants have a basis and motivation for their work. It goes without saying that the machinery cannot be changed overnight, for a ministerial change often involves a change of style both on the psychological level and on the political level.

The most important thing for me has been the experience of the feeling of being the one taking the responsibility in a large number of situations. And it may be difficult as a minister to oppose traditional procedures," the minister of church affairs concludes by saying.

At the change of government, she has got a working week of 60-70 hours but, nevertheless, tries to remember the Sabbath day, to keep it holy.

### Ministers Should Definitely not Be Members of the Folketing

Tom Høyem, 41, (Center Democrats) holds a graduate degree in Nordic philology and came to his post as minister of Greenland Affairs from Høng Secondary School, where he was the headmaster. He has been with the Center Democrats since the party was formed in 1973 and has for 2 years been the party's

national chairman. The encounter with the political life at Christiansborg has not been an unqualified enjoyment to him.

"As a newcomer to that environment, I have been surprised at the egotism which prevails and which apparently is part of the work environment there. There is little interest in the more long-term debate on social issues. They also are poor listeners at Christiansborg. The Folketing is a really good place for practising the game of starting a sentence without completing it. Nobody discovers it.

As a new minister, one may very well feel a little lonely. In a sense, one has got power, in another sense, one feels powerless. When one returns to one's ministry full of good ideas, the government machinery there immediately has got all the good arguments for not implementing them. As a minister, one may very well once in a while miss some kind of basic group with whom to discuss things."

Incidentally, Tom Høyem finds it wrong that a politician may at the same time be a member of the Folketing and sit in the government:

"As is well-known, as a minister one is part of the Executive. That is why I find it wrong that ministers may remain members of the Folketing. This results in a mingling of the Executive and the Legislative. We ought to have a look at the Swedish system where ministers automatically withdraw from the Swedish parliament and are replaced by substitutes at their appointment.

The reason why such a system is not used with us may be associated with the fact that it is often an extremely unpopular task to be minister. In that case, the substitute may become a dangerous competitor when the question of renomination comes up for discussion."

Incidentally, Tom Høyem maintains that the very concept of minister has changed decisively at the accession to power of the present government:

"Previously, the definition of a strong minister was a minister who in negotiations in the Folketing and by persuading his colleagues in the Folketing managed to procure new grants for his ministry. Within the Four-Leaf Clover, a minister is regarded as weak if he or she asks for special rights for his or her area," he says.

Incidentally, Tom Høyem has just accepted the nomination as candidate to the Folketing for the Slagelse constituency, which at the moment is one of the constituencies which hold Center Democratic elections. He is also aiming at becoming elected to the European Parliament next year. If he is successful, he will have to withdraw from the government.

N.B. Minister of Energy Knud Enggaard (Liberal Party) was not a member of the Folketing when the Four-Leaf Clover took over. But seeing that Knud Enggaard has both his experience as a minister and 15 years of membership of the Folketing during previous periods behind him, he falls outside the framework of this article.

## DETERMINED BUDGET CUTTING, PERSONALITY AID SCHLUTER IN POLLS

Copenhagen INFORMATION in Danish 10-11 Sep 83 p 6

[Article by Henrik Heie: "But Why Is Schluter so Popular?"]

[Text] Is it Schluter's charisma, the breakthrough of conservatism--or simply the desire for a determined and consistent policy?]

It was prior to the elections to the Folketing on 15 February 1977. The Conservative Party held a press conference. One of the colleagues among the Folketing journalists said something about it probably being worth while attending the press conference of that small, languishing party. But another colleague answered that from those quarters not only progress but also renewal in Danish politics would be forthcoming.

It sounded like a bold postulate. For was it not true that the very preceding years had shown the culmination and the fall of the Conservative Party?

After many years of steady progress to 20 percent of the vote in the elections in 1968, which resulted in the nonsocialist tripartite government headed by Hilmar Baunsgaard, the support of the Conservative Party suddenly dwindled to merely 5.5 percent in January of 1975.

The elections in 1977 became a new turning point--but this time in the opposite direction--upward. In February of 1977 8.5 percent, in October of 1979 12.5 percent, and in December of 1981 14.5 percent. And since then all Gallup poll figures have pointed to further progress for the Conservative Party, so that it had an all-time record-high support of 28 percent according to the Gallup poll figures in June--which, however, was reduced to just under 25 percent in August.

How has it been possible for such a small, languishing party to quintuple its support in well over 6 years?

Prior to coming into power 12 months ago today, the Conservative Party increased their share in the Gallup poll to 17.4 percent from 14.5 percent in the 1981 election concurrently with the setbacks of both the Progressive Party and the Radical Liberal Party. The said progress may presumably be equally ascribed to the general desire for a nonsocialist alternative to

the virtual monopoly of the Social Democrats on government. However, developments since then are bound to have shocked some people and to have taken others by a pleasant surprise.

### Biggest Political Success

The Schluter government has simply been the biggest political success in the post-World War II period.

Despite cuts and other unpleasant measures, and despite the fact that large sections of the population on a number of issues, undoubtedly, have standpoints which are miles apart from those of the government, in its most recent semi-annual poll on the popularity of the government taken in March of 1983, the Gallup Institute established that the Schluter government is the most popular government since World War II. No less than 77 percent of the voters said that the government had managed well or fairly well (38 percent 'well' and 39 percent 'fairly well').

By way of comparison, the nonsocialist tripartite government scored 67 percent in December of 1969 (only 18 percent of whom, however, answered 'well'), and the narrow Liberal government headed by Hartling scored 63 percent (25 percent 'well') in October of 1974.

The Anker Jørgensen government scored 74 percent in November of 1975, in which poll only 14 percent, however, answered 'well'), but since then no government has scored as high popularity figures.

The fact that, in the poll taken in March of 1983, only 15 percent stated that the government had not managed well is equally remarkable. No previous government has encountered as little opposition.

### Popularity of Schluter

It, therefore, must be concluded that the present government is the most 'popular' government we have had for 40 years. Even among the Social Democrats and the parties to the left of the Social Democratic Party, the majority, 66 percent and 53 percent, respectively, answer that the government has managed well or fairly well, while a somewhat larger minority than the average answers that it has not managed well. Within the Social Democratic Party, 24 percent of the voters hold this view, within the left wing as many as 43 percent.

The popularity is, to a high degree, attached to Poul Schluter's personality. The popularity thermometer of Observa--the scale of which ranges from plus 3, which shows that a minister has managed extremely well, to minus 3, which means that he has managed very poorly--showed Poul Schluter on 13 June as having the absolute top score, viz. a score of 1.22, followed by Minister of Justice Erik Ninn-Hansen (Conservative Party) on the second place with a score of 0.78, and by Minister of Finance Henning Christoffersen (Liberal Party) on the third place with a score of 0.65. At the bottom is Minister of Labor Grete Fenger Møller (Conservative Party) who scored minus 0.60.

And to round off the picture. In the same Observa poll, 45 percent of the voters preferred Poul Schluter as head of government, while only 33 percent preferred Anker Jørgensen. And that is almost exactly the same number of voters that would vote for the Social Democratic Party.

#### Majority in Favor of Tight Policy

But why is Schluter so popular? Is it Schluter personally or his policies which the voters like?

These polls give no information in that respect. But other information may give us an indication. The Gallup Institute thus asked the voters this past summer if they support a continued tight economic policy.

The question asked ran as follows:

"The present nonsocialist government has carried through a tight economic policy to improve Denmark's economic situation, i.e. to reduce Denmark's balance of payments deficit and to reduce the deficit on the budget. And this tightening of the economic policy has been unpleasant to many people. In the fall, the government will have to have a new budget adopted for the coming year. May I ask you, do you find that the government should continue to pursue a tight economic policy with further cuts and wage restraints or should the government, in your opinion, relax its tight economic policy?"

In reply to this--admittedly, rather biased--question, 55 percent replied "continued tightening," while 33 percent stated that the economic policy might now be relaxed.

However, here is a distinct division of the electorate. With as many as 87 percent of the voters in favor of a continued tightening of the economic policy and only 8 percent opposing it, the voters to the right of the Social Democratic Party strongly supported the economic policy pursued by the government. Among the Social Democratic voters, only 31 percent favored a continued tight economic policy, while 59 opposed it. And in the left wing, the opposition was even stronger, 26 percent in favor of a continued tight policy, but as many as 63 percent opposing it.

#### Majority Against Tax Relaxation

The positions of the voters were further underlined by the answers to a different question. Here, the voters are given the choice of a tax relaxation, as promised by the government, equivalent to an amount of 600 kroner sent to each taxpayer.

Only 29 percent of the voters advocate this, while 59 percent oppose it. And the majority opposing it is large and clear in all political groups.

## Who Should Take the Credit?

Finally, on the same occasion, the Gallup Institute asked the following question:

"Denmark's economic position is now better than it was before the present government took over. It is generally agreed that part of the improvement is due to a favorable economic development outside Denmark's borders and that part is due to the tighter economic policy pursued by the present government. What, in your opinion, has contributed most to the improved economic situation, developments abroad or the economic policy pursued by the government?"

Most voters (39 percent) said that developments abroad and the government have contributed equally much to the result, while 29 percent gave developments abroad most of the credit and 20 percent the government. However, within the Social Democratic Party and in the left wing, the majority (46 percent and 53 percent, respectively) is of the opinion that developments abroad have meant most, while only 10 and 13 percent, respectively, gives the government most of the credit.

It all sounds as if the population widely supports both Poul Schluter, the four-leaf-clover government and its policy. Despite the widespread unpleasant effects of the cuts and the increasing unemployment rate.

## Cheerful Person

There probably are three reasons for the government's and especially the prime minister's indisputable success:

First of all, Poul Schluter's personality and political style. He is a cheerful person, an observer at Christiansborg [parliament] says. He whistles on his way through the house. He is not as deep as, for example, Henning Christophersen of the Liberal Party, but he has got charisma, he is friendly and obliging to everybody and is always able to reconcile and mediate. All of it without giving up his objective, which, first and foremost, is to keep the four-leaf clover together.

He is a pronounced pragmatist, while Henning Christophersen is the government's ideologist and heaviest member. But Henning Christophersen appears stiff and awkward, perhaps shy, and without the natural spontaneity which marks the prime minister.

The other reason is the government's obvious vigor. Poul Schluter has not forgotten the fate of the tripartite, Liberal, Conservative and Radical-Liberal government under Hilmar Baunsgaard in 1968-71. The government started with the support of a solid majority within the three parties. But it was unable to use the said majority to implement its policies. And its popularity dropped sharply rather quickly, and it lost its majority entirely in the elections in 1981, which even resulted in a majority of the Social Democratic Party and the Socialist People's Party.

Many people had expected that not having a secure majority behind it, the four-leaf-clover government would proceed very cautiously. Instead it immediately presented a bill proposing cuts of 20 billion kroner, combined with the suspension of cost-of-living adjustments and a strong request to the parties of the labor market to stay within a 4 percent increase in the negotiations. It was a shock, but it was immediately interpreted by the population as a positive aspect that the bitter medication which everybody had been expecting was administered immediately.

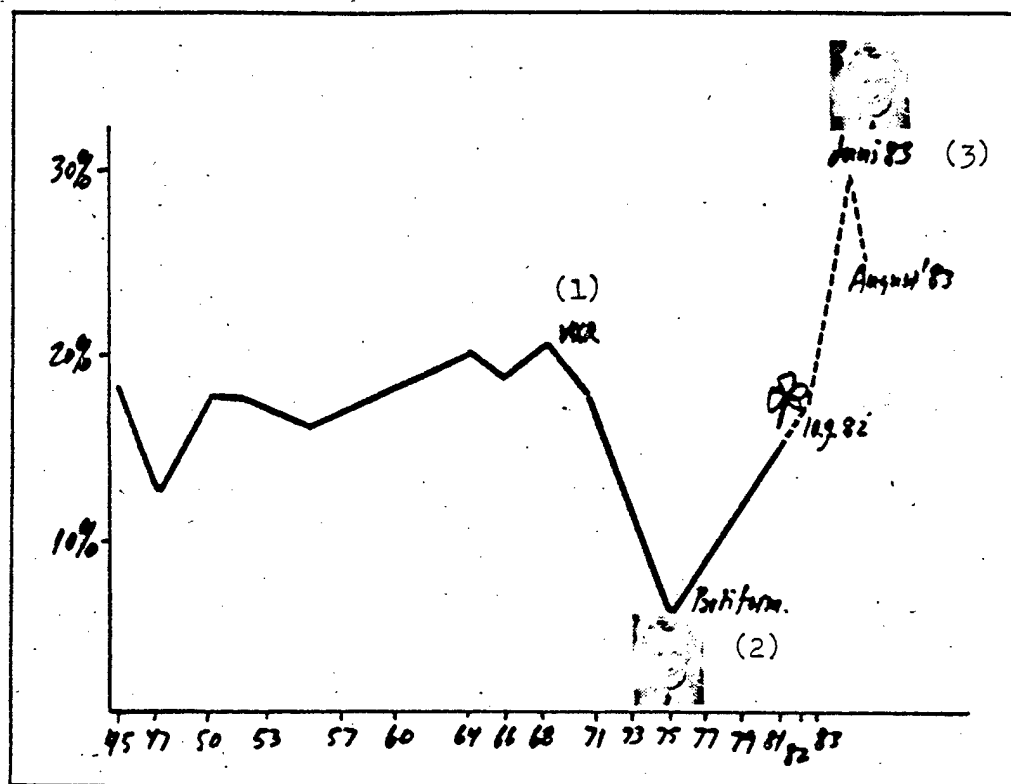
The third reason for the popularity of the government is the results obtained regarding the balance of payments, the budget, the interest rate and the inflation which the government was soon able to produce.

Admittedly, not so much due to its own efforts but especially on the strength of developments from the outside. But any development, whether positive or negative, will always be attributed to the government in power.

The consequences of the policy pursued will only appear fully in the course of the coming years. If the unemployment rate continues to increase, which also the government itself expects both in 1983 and 1984, the popularity of the government may vanish as quickly as it developed.

However, so far, the four-leaf clover in general, and Paul Schluter and his party in particular have been able to benefit by the wave of popularity which, probably, first and foremost should be attributed to Schluter's charisma.





The Fall and Recovery of the Conservative Party. The graph shows the share of the votes of the Conservative Party in the elections to the Folketing since the Liberation. The broken part of the graph shows the Gallup poll figures. The Liberal, Conservative, Radical Liberal government under Hilmar Baunsgaard was in power from 1968 to 1971. Poul Schluter became party chairman in 1974 after several years of leadership crisis within the party. The four-leaf-clover cooperation was initiated in 1977. On 10 September 1982, the Poul Schluter government took over.

Key:

1. Liberal, Conservative, Radical-Liberal
2. Party chairman
3. June 1983

CSO: 3613/6  
7262

## SOCIALISTS TRYING TO BUILD LEFTIST BLOC TO REGAIN POWER

## Jorgensen Tells Strategy to Union

Copenhagen INFORMATION in Danish 14 Sep 83 p 5

[Text] "I want very much to be there to overturn the Schluter government, and for my sake it must also happen quickly. But it is much more important for the Social Democrats at the same time to get their own strength. I don't want to take part in the creation of a government that is just thrown together. Such a government will have no other possibilities than to approve nonsocialist policy. This is what they demanded of us in 1982, and we therefore chose to go," said the Chairman of the Social Democratic Party, member of the Semi-Skilled Workers' Union (SID), and former Prime Minister Anker Jorgensen at the SID congress Tuesday.

He characterized cooperation between the workers' parties as too flimsy a basis for the formation of a government, but stressed at the same time that he wants to work together with the Socialist People's Party.

"But this in itself is not enough. We must realize that as things are now we need a broader majority."

He considers it to be all-important that the Social Democratic Party emerge from the next Folketing elections victorious, and in reference to the conflict between the SID and the Metal Workers Union, he warned against "divisive tendencies" in the labor movement.

"Extremist positions weaken both the party and the unions. We have seen division in the union movement before, and it has always led only to defeat," Jorgensen said.

## Support for SID Leadership

Jorgensen used a large part of his speech to support the SID leadership's stand on the EC question.

"One can think what one will about the EC, but it is important for the union movement's voice to be heard there, too. The European Federation of Trade Unions must be used," Jorgensen said, and asked what the opposition would like

to put in place of the EC. "We saw what happened during the crisis of the 1930's when Europe was divided. It does not look like that now, and that gives us better chances to avoid a crisis. We must realize that if the countries are to cooperate, then they must also commit themselves."

Right after Jorgensen's speech came the congress' first EC vote, which favored the SID leadership's position 401 votes to 259.

#### Socialist People's Party, Radical Liberals Entente

Copenhagen INFORMATION in Danish 14 Sep 83 p 1

[Article by Karen Jespersen]

[Text] The Socialist People's Party agrees with the Radicals on the demand for narrower wage limits -- S-plan "meeting place" for cooperation, which also includes the Radicals.

The Socialist People's Party has begun to reconsider its position toward the Radicals. The next chairman of the Socialist People's Party, Age Frandsen, and the party's financial policy spokesman, Kjeld Rahbaek Moller, tell INFORMATION that the Socialist People's Party no longer rejects cooperation with the Radicals to form a parliamentary basis for a new Social Democratic government.

The relationship to the Radicals has been discussed for some months in the Socialist People's Party's leadership and in the Folketing group.

It is feared that after a Folketing election the Social Democrats and the Socialist People's Party alone will not have a majority without the Radicals, and that the majority cannot be used because the Socialist People's Party has locked itself into a rejection of cooperation with the Radicals.

Also in the contents of the political foundation there are approaches. Kjeld Rahbaek Moller says that the Socialist People's Party is of the opinion today that "wage and price rises must be held at the lower level of foreign ones." This is in compliance with the Radicals' demand for a narrower framework for wage developments.

"If the Social Democrats and the Socialist People's Party don't have a majority after the elections, we must try to cooperate with the Radicals again, knowing full well that it will not be easy," Age Frandsen said to INFORMATION.

Moller thinks that the Social Democratic initiative to a perennial economic policy after an election can be used as a "starting point for negotiations on a Social Democratic government's foundation that also includes the Radicals."

#### Invitation to S

Over the weekend the Socialist People's Party passed a resolution that is very positive toward the Social Democratic perennial economic initiative. The plan

means a reduction of unemployment by 200,000 over five years, the halving of the government deficit, no deficit in the balance of payments, work time reduced to 35 hours a week, purposeful public investments, a strict income policy in agreement with the union movement, and a ceiling on further expenditures.

The main leadership accepted the resolution unanimously without the usual "skeptical" objections. "Everyone realized that this is the way we must go."

The business committee will now take the initiative for an official overture to the Social Democratic Party to start discussions for cooperation under the nonsocialist government and after the elections, Frandsen said.

#### Good News

"It will be much easier to negotiate on the basis for a Social Democratic government now that the Social Democratic Party has found its own legs," Moller said.

He considered it to be good news that the Social Democrats are pushing so strongly for a reduction of work time as a method to combat unemployment. He also pointed out the need for restoration, tax reform, and purposeful public investments as areas where the Socialist People's Party is generally in agreement with the Social Democrats' economic initiative.

#### Wage Limits

Neither does Moller reject the Social Democrats' income policy goal, which is an integral part of the economic plan if the wage limits are set on a voluntary basis and without breaking the union movement.

"From the Socialist Peoples' Party's point of view, we recognize full well that it is necessary to hold the price-wage raises to the lower edge of those abroad. No one can want wage raises that only meet price rises to the same extent. If our inflation is higher than that abroad, we will have to have frequent small devaluations with the resulting return to high interest rates," Moller said.

"Isn't it an agreement with the Radicals' demand for a strict control of wage increases when you say that the wages must lie at the lower edge of those abroad?"

"Yes, one must certainly say that it is."

#### Government Deficit

Together with the income policy, it is the Socialist People's Party's position on the deficit in the national budget that causes the most concern in the Social Democratic Party.

To this, Frandsen says: "The Socialist People's Party recognizes that the budget deficit is a problem and that we cannot accept a renewed strong growth

in government debt. The deficit must fall over a series of years.

### Serious Possibility of 'Red Majority'

Copenhagen BERLINGSKE TIDENDE in Danish 14 Sep 83 p 9

[Editorial]

[Text] There are at present in the Folketing 59 Social Democrats, who can add to their list a Faeroese seat, 21 People's Socialists, and five members of the Socialist Left Party. Together the socialist parties have 86 seats. This is not half the Folketing, but it is so close to a majority that a red majority is more than just a cloud in the sky. Not many seats have to shift before it is a fact. This is a situation that is seldom remarked upon under the present political situation.

Anker Jorgensen knows, however, that he can perhaps one day achieve a majority behind him made up of socialist parties alone. Recently he declared, however, that he didn't think he could count on the Socialist People's Party. He wants to negotiate with the Socialist People's Party on a policy, but he has the impression -- he says -- that governing must be done right across the middle if it is to be successful. This is an explanation that reminds one of Jens Otto Krag's rejection of the formation of a government on the basis of a red majority and his selection of a new standpoint, since the red majority was a fact. Experiences from that time naturally frighten the present Social Democrats, but it is still a question whether they will be able to avoid a repetition if the majority is there after an election. In this connection it is worth taking into consideration that the tendency in the Social Democratic Folketing group has moved toward a redder color since Krag's days. Does the party chairman really have his party behind him when he speaks so categorically?

Right now there is nothing that indicates things will go so badly. The present governing partners can, with a little luck, secure themselves another term after the elections. And Jorgensen is realistic enough to face the fact that there is not much fun in trying to return to power if there is not beforehand the certainty that the Social Democratic government can assure itself stable support -- which he will seek from the Radical Liberal Party. Therefore Jorgensen has also made it a condition for wanting to take on the formation of a government that the Social Democrats gain in the election. The defeat in the last election was so great that seats must be won before the party is strong enough to bear the responsibility of power. In the 1981 election, the Social Democrats lost heavily to the Socialist People's Party, and Jorgensen's efforts must be based on winning back what was lost. Therefore he will do what he can to avoid being outdone by the Socialist People's Party. But each time the Social Democrats compete with the Socialist People's Party they lay stones in the foundation that can make it impossible for them to reject a socialist majority as a basis for government.

The days of the red cabinet can come again.

## Unions Against Conservative Tie

Copenhagen BERLINGSKE TIDENDE in Danish 15 Sep 83 p 3

[Article by Ole Schmidt Pedersen]

[Text] A member of the main leadership was turned away with an angry cry when he suggested cooperation between the Social Democratic Party and the Conservative Party. The organization's information secretary says that the Social Democratic Party's red color has faded.

A shudder literally went through the meeting of 800 delegates when one of the members of the main leadership of the Semi-Skilled Workers' Union (SiD), Erik Nielsen of Odense, proposed yesterday at the SiD congress a cooperation between the Social Democratic and the Conservative parties. The shudder was followed directly by angry cries.

"I do not believe that the Social Democratic Party has prospects in the near future of gaining a political majority in the Folketing -- unfortunately. Therefore it would be wrong for the union movement to give up its political influence, and I think that we must enter into a governing coalition between the Social Democratic and the Conservative parties under Social Democratic leadership," Nielsen said, and continued: "The course has been run in this Folketing period, but after the next election we must take part in the formation of a government. In recent years we have seen how much we lose by not participating in the administration of legislation."

The comments were clearly very unpopular in the meeting. On the other hand, SiD's information secretary, John Molgaard, was able to glean appreciable applause with his characterization of the Social Democratic political status.

John Molgaard commented on the speech that former Prime Minister Anker Jorgensen had held at the congress. Jorgensen wanted to gather strength before a possible entry into government, and in the meantime he warned against leftist conservatives.

"I must agree with Anker on this matter. It is no longer a tradition that our children and grandchildren inherit our membership cards in the party. We are not conservatives, but I think we have good reason to ask why the party finds it so difficult to win over the young people. It could well be because the red color has begun to fade," Molgaard said.

## Socialist People's Party Courting Pact

Copenhagen BERLINGSKE TIDENDE in Danish 16 Sep 83 p 5

[Text] The Socialist People's Party is now trying another invitation to the Social Democrats to begin negotiations for cooperation. This time the invitation has been made in writing to the Social Democratic chairman, former Prime Minister Anker Jorgensen.

The letter asks Anker Jorgensen to a series of meetings for the purpose of clarifying where there are agreements between the Social Democratic and the Socialist People's Party's policies. The signer is the chairman of the Socialist People's Party, Gert Pedersen, who also does not want to comment on the contents of the letter.

This is a followup to the approach the main leadership in the Socialist People's Party made recently to the Social Democrats to create a common alternative to the economic policy of the nonsocialist government.

The invitation is being repeated in spite of the fact that Anker Jorgensen has already taken a negative position on the Socialist People's Party's ideas on cooperation. He does not think that cooperation between the worker parties would be workable at the present time, and he warns against hurrying to try to overturn the present government.

"There are some who are a little too eager to bring down the government right now. I want to take part in overturning the government, but this will not happen until there is a secure support behind the Social Democratic Party. Otherwise we will risk sitting in a new government that simply has to agree with the nonsocialist government's ideas," Jorgensen said recently at the SiD congress.

## SDP Still Far from Radical Liberal Alliance

Copenhagen BERLINGSKE TIDENDE in Danish 23 Sep 83 p 10

[Editorial]

[Text] The Social Democrats would like to go back to the times when they could be certain that the Radical Liberal Party would help them stay in power. In the long periods in which there has been a Social Democratic prime minister, it has always been because of the favorable attitude of the Radicals. Only once was this not so. This was after the election in 1966, which gave the Folketing a red majority. Then one had no need for the Radicals, and they declined to vote for an experiment that relied upon the Socialist People's Party. But this was a time in government that ended ignominiously for the Social Democrats. Various Social Democratic party leaders have through experience been reinforced in their belief that their party lives best when it lives in a more or less loose fellowship with the Radicals.

Anker Jorgensen has therefore clearly been cheered up after having read what happened at the Radical Liberal Party's national meeting. Niels Helveg Petersen had to recognize as policy leader that the position on the missile question was more aggressive toward the four-part government than it has been, and that in general there was a pronounced skepticism of the support the Radicals have given the government. When Helveg therefore appeals to the Social Democrats to enter upon constructive work, the invitation will be accepted eagerly by Anker Jorgensen. There is nothing he would rather do than talk with the Radical Liberals. To be sure he has also received a Socialist People's Party invitation to look at programs that might have much in common -- but it is the Radicals that put him in a good mood. It is the Radical Liberal Party he would rather be with.

There are not so many Radicals, and they must always be afraid they will become fewer. They are therefore flattered by the interest shown in them, and they are not at all unhappy to meet with old friends. They have not said goodbye to the Social Democrats in such a way as not to be able to turn back to them. They are probably ready to forget the harsh words Jorgensen used against them because he thought he had been deserted by them. But now it will not be very easy to find the mood that will further the coming discussions. The Radicals don't want to continue to support the unfortunate policy of the Social Democratic government, and in the past year they have been ready to take on a policy the Social Democrats have turned against. Therefore they must, before they sit down at the table, make it clear that they don't want to recreate the policy Jorgensen's government stood for, just as little as they will be ready to move away from the line they themselves have tried to put into effect.

Let the chatter just go back and forth in the Folketing. If a better understanding can be brought about between the parties on the necessary policy, it can only be good. But there is no reason to believe beforehand that Jorgensen is coming in from the cold, even if he is glad to have been given permission to knock on the door.

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CSO: 3613/4



## CENTER-DEMOCRATS' FOLKETING GROUP ELECTS ANDERSEN NEW CHIEF

Copenhagen BERLINGSKE TIDENDE in Danish 15 Sep 83 pp 1, 2

[Article by Dan Axel]

[Text] Yesterday after a great many ballots were taken, the Folketing group of the Center-Democratic Party removed Rene Robert Brusvang, 57, from his post as chairman of the group. Brusvang received so few votes that he is no longer even on the CD [Center-Democrat] group committee.

It was the "young people" in CD who took power in this action. Thus the present chairman of the Folketing Social Committee, Yvonne Herlov Andersen, 41, became the new group chairman while Bent Stubkjaer, almost 30, replaced Birgith Mogensen, 56, as vice chairman. The new group secretary is Bente Juncker, 39, who replaced Carl Hahn, 53, in this post, although Hahn was elected as a regular member of the group committee.

Rene Robert Brusvang tried to gain re-election as chairman and when that failed, he tried out for the post of vice chairman--without success. "But there can be nothing but praise for Rene," Erhard Jakobsen told BERLINGSKE TIDENDE. "He handled the job [words illegible] adversity and illness. But one way or another, it was obvious yesterday that the younger members of the group now wanted to test their strength in the group committee. And they really have done a good job in everyday political work, so why not?"

With the election defeat yesterday, Rene Robert Brusvang has lost the last remnant of direct influence on his party and on the line to be pursued in the cooperation with the government. However Brusvang is not unfamiliar with setbacks. He has been the "victim" of public curiosity many times--especially when it came to his personal and family relationships. But each time he bounced back.

In the election to the CD group chairmanship, Brusvang received four votes compared to eight for Yvonne Herlov. Carl Hahn--who ran for all posts--got three votes. Bent Stubkjaer was elected vice chairman with eight votes. Brusvang received four.

#### New Group Chairman: Give New People a Chance

Yvonne Herlov Andersen will now try to draw a sharper profile of the party, among other things by taking stock of what government cooperation has meant for CD.

"We should try out new people in new jobs. Rely on people. Give them a chance to get a little of the limelight. Not cling to traditions and iron-clad opinions about who can do what. And keep those with experience in reserve, of course."

Yvonne Herlov Andersen told BERLINGSKE TIDENDE this after a "youth rebellion" promoted her yesterday to the post of chairman of the Center-Democrats' Folketing group--at the expense of "one of the old people," Rene Robert Brusvang.

"I myself occupy a 'revolving-door seat'--I was out of Folketing for several years--and I really think it is healthy to get a little exposure to everyday life once in a while," said Yvonne Herlov Andersen who--in her period "outside"--was in close contact with the dark side of the Danish welfare state. Among other things she was section leader of the Andersvaenge special care institution in Slagelse.

The new CD chairman wants to draw the party's profile even more clearly. "We must now analyze how things are going for us as a government party. We were well aware from the start that it would cost seats to take part in the four-party government, but so what? We are very used to getting nothing but ingratitude from the partners we have had in coalition governments," said Yvonne Herlov, who felt party subcommittees should get going, so they can produce the debate outlines that are CD's reply to other parties' programs of principle and action.

"But one thing is quite clear now: low-income groups must not bear the brunt any longer. Now the broader population group must take its share," she said. "And there must be enough money to raise the free-care limits in daycare institutions and make it easier to be a single mother on assistance."

Yvonne Herlov had to break off a 4-day study trip to England Tuesday evening, a study trip arranged by the Folketing Social Affairs Committee, in order to be present when the chairmanship was voted on.

"At any rate we must never experience the poverty in Denmark that exists today in such places as London's West End. Some 60 percent of the people there are Bengalese. There are no stores--the people have no money to buy anything with and the streets are dominated by windowless barracks," Yvonne Herlov related on the basis of her trip to England.

"But we might be able to learn something from the English 'hospice' system, where people with fatal illnesses can die with dignity," said Yvonne Herlov

Andersen. "We have no tradition of anything like this in Denmark, but we could try out a single ward in a hospital where properly trained staff people were responsible for providing care."

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## CENTER-DEMOCRATS' CHAIRMAN JACOBSEN ON MISSILES, SDP ROLE

Copenhagen BERLINGSKE TIDENDE in Danish 22 Sep 83 p 9

[Article by Solveig Rodsgaard]

[Text] Erhard Jacobsen has been in Folketing 30 years today. He is the government's architect, does not think the missile issue is a problem for the government any more and incidentally feels that his daughter Mimi is living up to the requirements needed to be the future head of the Center-Democrats.

He has been in Danish politics for 30 years, 20 years as a Social Democrat and 10 years as a Center-Democrat--and he was the architect of the four-party government. That is a very good ballast to have along when Erhard Jacobsen celebrates his 30 years in Folketing today.

And he feels good about being the architect of the nonsocialist government. There is so much in the four-party government that is similar to "what I once found in the Social Democratic Party.

"There is absolutely no wish on the part of the four-party government to weaken the Danish social arrangement. There is just an oppressive sense of duty about not being able to continue with a deficit of 80 billion kroner that will become 100 billion. The Social Democrats would have had that same feeling in the 1950's. It has really been of historic importance for Danish politics that we have shown that we can form a government in which the Social Democrats are not included and that such a government is neither Reagan nor Margaret Thatcher, but a government that can do a lot of what the Social Democrats were also able to do in the 1950's, when poverty still existed in this country."

Nor does Erhard Jacobsen foresee a serious situation for the government when the missile debate comes up.

"I think the others have been blinded by this missile business. It is old hat. All sensible people must be able to see that what is now happening in

Germany, France, England and Italy--and those are the decisive countries--is being determined by the negotiations in Geneva and how they proceed. It is not something that will be determined by what some people in Denmark say. It is unparalleled conceit to think that a statement from a Danish parliament, which it forces a government to present, could change anything at all in Germany, for example. Large segments of the German church stand behind the strong German peace movement and even so Helmut Kohl has made it clear that he will not yield. So it is completely laughable to think the man would pay any attention to a Danish peace movement in which people bicycle or dance around with some posters. Therefore I do not think the government needs to take this matter very seriously. All sensible people must be able to see that the time to do anything has gone by. Therefore I would think they could come up with a watered-down statement of some sort that everyone can vote for. I do not foresee any more problems."

#### Social Democrats

Erhard Jacobsen foresaw the development of the Social Democratic Party when he broke with it. "The development in which all kinds of school teachers and other intellectuals moved into the posts in voter association boards, district boards and county boards that used to be held by people from the union movement and by workers. In addition, it is obvious that the peace movement has got hold of some of these people or has directly placed them here and there in important Social Democratic gatherings, thereby putting pressure on individual members of Folketing with the threat that they might not be renominated or would at least have to run against an opponent."

#### Leader of Center-Democrats

Erhard Jacobsen has no current plans to change his work in Folketing and in EC. But he predicts that on the domestic front he would not have to go on being the votegetting drawing card.

"But the time should not be determined by anything else than the quite natural development that now someone else can do it better. Yes, I think Mimi has come up in the front ranks. And her capacity for work is enormous. She runs around the country and I think she lives up to the demands I would make of the future leader of the Center-Democrats. Then the members and the voters will have to decide if there are others who are just as good or better."

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## DEFECTING PROGRESSIVE MP THORND AHL ON PARTY'S FUTURE

Copenhagen BERLINGSKE TIDENDE in Danish 16 Sep 83 p 11

[Op Ed Article by Uffe Thorndahl, Member of Folketing and former group chairman of the Progressive Party delegation in Folketing]

[Text] For almost 10 years now the Progressive Party has been represented in Folketing. In this retrospective article, the former party group chairman who has now left the party examines its role in this decade. He says that the populist attitude that carried the party into politics has had short shrift due to the way in which the party has developed.

On 4 December the Progressive Party will have been represented in the Danish Folketing for 10 years. Through all these years the party has been able to create great public interest in what was going on in and around the Progressive Party.

There is no doubt that the populist mood that was the basis for the formation of the Progressive Party is and was very widespread in the Danish population. But before the Progressive Party pulled these populist feelings together, the established parties ignored them entirely. Possibly on the basis of Frederik VI's well-known standpoint: "We alone know what is best for the people."

That continued arrogance on the part of those in political power set off the earthquake election of 4 December 1973 which made the Progressive Party the nation's second largest party and gave the existing parties a defeat of hitherto unparalleled dimensions. Almost 40 percent of the electorate voted for parties that were not represented in Folketing on Election Day.

There were many indications that the Progressive Party really represented attitudes held by a very large part of the population. One of the most convincing was published in JYLLANDS-POSTEN in October 1976. The Observations analysis institute had asked a representative selection of Danish voters for JYLLANDS-POSTEN if they agreed with the Progressive Party that substantial

cuts in public spending are necessary. Since the Progressive Party is named in the question itself, it indicates that the pollsters managed to limit the number of positive answers as much as possible. If they had just asked the voters if they agreed on the basis of the nation's economic difficulties that substantial cuts in public spending were necessary, the number of yes answers would undoubtedly have been much greater.

Even so the Observa survey showed that almost two-thirds of the Danish voters agreed with the Progressive Party that sizable public cuts were necessary, while a scant third disagreed. Within the public sector, very interestingly, barely half the public employees asked agreed with the Progressive Party, while around half disagreed.

That is just one example among many. Deep within the ranks of the Social Democratic Party and the Socialist People's Party one finds many voters with attitudes that are identical with those of the Progressive Party.

Therefore it goes without saying that there is a voter basis for a Danish Progressive Party and against that background it may seem strange that for the last 5 years the Progressive Party has constantly lost votes. In Norway the Norwegian Progressive Party has shown a tendency that is the exact opposite of this. Under a capable political and organizational leadership they have achieved a constant progress for the last 4 or 5 years and the party achieved its biggest election victory yet with the recent municipal elections in which it had the support of around 6 percent of the voters. And after the death of its founder, Anders Lange, the Norwegian Progressive Party managed to avoid the most rabid and bizarre political actions and standpoints, forestalling big internal conflicts through a strong organization.

Developments for the Danish Progressive Party have gone the other way. It is also quite possible that Mogens Glistrup has wanted and worked for a very loose party structure out of consideration for his own power position and that he has also more or less directly encouraged the very violent internal conflicts that have constantly ravaged the party through the years in an effort to simply try to neutralize any challenge to his own leadership. This tactic succeeded to a certain extent, but at the same time it has led to major hemorrhages in the Progressive Party itself. Since 1978 the membership figures have declined sharply and the decline has been due primarily to the defection of those members the party could least afford to lose. At the same time the acquisition of new members who could have offered the Progressive Party new labor efforts and new initiatives has been more than modest. Mogens Glistrup's very unusual personality was quite adequate for the quite unique task of creating a political movement that was capable of acquiring the second largest number of votes in the very first Folketing election in which it took part. But on the other hand, Glistrup's talents as an organizer and leader were so inadequate that Glistrup was simply unable to transform the political movement he had created into a forceful and real party. And because of Glistrup's very real personal vanity, he would not allow other party members to take on the job of building up and

organizing the party so that it could achieve political results. Therefore, violent internal conflicts were inherent ever since the party was formed. But the most surprising thing has been the incredible loyalty and tolerance the voters have shown the Progressive Party for many years. In the 10 years in which the Progressive Party has now been represented in Folketing, the Folketing group in particular has given the voters good reason to change parties time after time. And despite that the voters, or many of them at least, have remained loyal.

The very first Folketing group from 1973 to 1975 split up as early as the spring of 1974 when Birgit Busk resigned. In September 1974 the group split again when four of its members, Jens Klausen, Jens Peter Bodart, Ingeborg Gjerding and Mestergaard Eriksen, during a decisive vote in Folketing opposed the rest of the Folketing group. In the second Folketing group, from 1975 to 1977, we experienced what may have been the most factionally split Progressive Folketing group the party has had to date. The group consisted of two almost equally large factions that were given the "pet names" of the Junta and the Mafia. A yearlong battle on such things as the group chairmanship, relationships with the executive committee and the use of the Folketing group's funds developed. Eva Rothenborg was one of the victims of this war of attrition and was spitefully removed from the party by, among others, Glistrup whose personal vanity she had wounded. Other victims were Svend Bay, who became a political maverick, and Hans Bach who would not run again, in part because he was publicly disavowed by Glensgard.

Early in the reign of the third Folketing group, 1977-79, the so-called hard line-soft line conflict arose. A conflict that had a more political content. One could say that the soft liners had the political attitudes and outlook that characterized the growing Norwegian Progressive Party. The period of the third Folketing group was also characterized by the periodic announcements by Mogens Voigt that he was now tired of the party and the Folketing group and would not go on, interspersed with announcements that he would now begin a nationwide missionary tour and thereby insure that all party members were true Progressives, or as he put it, "had hair on their chests."

In November 1978 the voters experienced a true Progressive happening. And as usual, right out in the open. The occasion was a proposed decision that presented in a long list of points the Progressive Party's idea of how to restore the economy. In the first meeting of the Folketing group, the group got no further than the item that covered income policy. Especially on the basis of an incendiary speech by Helge Dohrmann, who emphasized that the Progressive Party should not intervene in wage and contract conditions on the labor market, the income policy section was defeated when a vote was taken. After this the two members of the Finance Committee, Svend Andersen and Leif Glensgard, stated that they would resign from the Finance Committee if that was really the view of the Folketing group while Glistrup also threatened reprisals. The discussions on this matter developed very dramatically over a 3-week period and were resolved at a group meeting at which the group chamber was packed with journalists. After a lengthy debate, a



written ballot was taken. Written because several members expressed fears that they would be subject to voting pressure, primarily from Glistrup. The written ballot ended in a vote of 13-13, which eliminated the income policy provision. But this set off an incredible and unpleasant reaction on Glistrup's part and during the lunch recess, Kristen Poulsgaard in particular launched a collection of signatures in which the members who were presumed to have voted yes in writing on the income policy were more or less forced to sign that they actually did vote yes. In this way, signed declarations were obtained from 14 of the group's members that they had all voted yes on the income policy which in the earlier written ballot had received only 13 of the votes of the group's 26 members. What happened here was one of the worst examples of political pressure and manipulation of opinion that I have ever experienced. There is no doubt that one of the group's members was pressured into taking a stand that was in clear conflict with that member's conviction.

The period of the third Folketing group was also characterized by a violent internal debate on the dubious periodical, DANSKE TIDENDE and on Jorgen Junior, who also managed to wound Glistrup's vanity.

The Jorgen Junior issue was concluded during the period of the fourth Folketing group, when Junior resigned from the Progressive Party.

That is the way things have gone year after year and it is no wonder that voters have lost or are losing patience with the Progressive Party.

But under any circumstances the Progressive Party has been enormously important for the Danish society. For example there is absolutely no doubt that it is the Progressive Party's fault that the present government has taken such a resolute grasp of the problems and that the government parties are both saying and doing things they would never have dared a few years ago.

It goes without saying that it is a tragedy that such a talented, intelligent and incredibly industrious person as Glistrup was unable to translate all his positive and constructive ideas and viewpoints into practical policies. But there is a "gold mine" in many of Glistrup's and the Progressive Party's reservations to the hundreds of bills that pass through Folketing each year. Down the road, everything that can be used will be taken up by other parties, if the Progressive Party is unable to handle this, and transformed into practical policies to the benefit and joy of the entire Danish population.

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CSO: 3613/2

## PAPER WARY OF CHRISTENSEN USING MINISTRY AS 'GREEN BASE'

Copenhagen BERLINGSKE TIDENDE in Danish 17 Sep 83 p 8

[Editorial: "The Green Minister"]

[Text] As has often been stated, Denmark has the best and the most expensive environment protection law that exists. It is administered in the present government by Minister of Environment Chr. Christensen, who before long will have been a member of the Folketing for a decade, and who, in the course of those years, has acquired much experience as to the difficulties which a small party may encounter in the tumble of the large parties. Since the government formation last year he has been the only representative of the Christian People's Party in the government, and he presumably often lets his thoughts dwell on how his party will manage. Against this background, it is not strange that the Christian People's Party long ago announced that it is a so-called green party. What may be more attractive to new voters than the flag summoning people to unite on the environmental policy?

In administering the environmental law, Chr. Christensen, apparently, seeks ways which may lead his prospective green voters to the right goal. He is well within his rights to do so, and he, apparently, has not hitherto had any problems with his government partners in that respect. However, there is reason to warn the minister against raising his standard to such heights that it will enter strata of air where it would be ill-advised to have it float.

The preamble of the environmental law provides that in evaluating the extent and the nature of measures to prevent and to counter pollution, importance shall be attached, on the one hand, to the nature of the physical environment and the effects of the pollution, and, on the other, to the benefits to the society of the enterprise which is affected by the law. This provision was included because the legislators wanted to emphasize that the basis for any decision in environmental questions, from a realistic point of view, should be a general social evaluation. This, actually, checks far too eager spokesmen for environmental protection measures. There are people who far too often will ignore any regard for an existing or planned enterprise for the benefit of environmental considerations. In the case of some of them, it seems, indeed, as if no factory may ever be allowed anywhere.

It is a good preamble because it recognizes the fact that the country cannot be converted into a park but will necessarily have to have space for the industries which are a prerequisite for the existence of the society. It is, indeed, also characteristic that the socialists opposed this formulation of the bill at its adoption. It is the more alarming that Chr. Christensen seems to be in the process of formulating a policy the object of which is to have this provision removed. If the minister prevails, the obligation to undertake a general social evaluation will cease to exist.

The big government parties will have to take the small party to task to teach it that such a policy is incompatible with the government's total policy. It may make it impossible to ensure the industrial development which is the prerequisite for the government's ability to achieve its objectives.

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## LE GUEN REPORT TO PCF CENTRAL COMMITTEE

Paris L'HUMANITE in French 22 Sep 83 pp 5-6, 8

[Text] Comrades:

Five months of intense political activity have followed the work of our last Central Committee meeting. In his report, Georges Marchais pointed out how exceptional that meeting was, in many ways.

"There is something new in today's situation, something new that helps us to understand the nature of the problems posed by the crisis and the solutions that must be used, to unite workers of all kinds and move them into action, to realize, through this intervention of the people's movement, all the potential created by the situation created in 1981 and bring about new ones, to make it possible to grasp that simple, basic idea which experience is gradually revealing: The rising influence of the Communist Party is an essential condition for moving forward. That is the effort that is needed and it is possible. We have before us a wider range of action. We have serious proposals, a great innovative policy, one in direct contact with the realities of our time and our country. We have the strength to follow such action successfully. By doing so, we will grow stronger."

#### Status

Where are we in this third year following the victory of the left and the formation of a government with communist ministers? We are at the halfway point of a legislature marked by commitments made in 1981 to all French men and women for economic, social and democratic progress.

A new dimension is introduced into national life by this period and this perspective: The form and intensity of the class confrontation brought about by the right and management actually stem from the possibilities contained in the reforms implemented by the majority and the guaranteed continuation of a leftist government.

It has often been said that "the left had time with it." Time will become an asset only insofar as it is used to engage the country in a policy of growth, industrial recovery and therefore, of employment and social justice.

That is why the year 1983 is not like any other.

Since our participation in the new majority, major social and democratic progress has been achieved. The SMIC [Interoccupational Minimum Growth Wage] has seen its purchasing power grow and substantial improvements in family benefits have contributed to the beginning of an improvement in the situation of the poorest workers. Lasting reforms moving in the direction of our proposals have been acted upon.

But in today's situation, we cannot limit ourselves to that positive observation. In order to bring about its work of innovation, the left can and must persevere along the path of transformations that are indispensable in order to respond to the people's legitimate concerns. At any rate, that is the determination of the French Communist Party, which at this session of the Central Committee intends to examine "our responsibilities and the activity of communists in order to move forward."

#### Failure

In the present situation, the right and management, which have continually waged an aggressive battle to destabilize the government, going so far as to bring its legitimacy into question, seem to have realized that this direct frontal tactic was not helping them.

Realizing that the majority of the French men and women are not willing to be reckless, to trust those who have plunged the country into decline, the right and management have now, at the beginning of this new year, adapted their strategy to regain power. They are playing on the failure of the left in order to derive political benefits from it in 1986. This causes them to develop a tactic of harassment and to intensify their political and economic pressure in order to erect the maximum number of obstacles to the achievement of government goals and demand concessions.

Consequently, the difficulties of attacking the privileges of capital and the misuse of resources stand in the way of the scope of measures needed in the fight against social inequalities.

And, one must admit, they have found strength in the boards of nationalized enterprises, among high officials in decision-making posts and even among a "false" left which, taking up the American banner, is organizing a veritable barrage to oppose the changes which the movement of society is calling for, all in the guise of economism. These concessions, which are presented by some as inevitable in order to take the reality of the economic situation into account, are used by the right and management, not as means to improve the situation, but as support in their march toward the reconquest of power.

At the same time, for millions of French people still facing grave problems in their daily lives, closings of plants and layoffs all through the most recent period, the measures considered with respect to the budget point up the concern over employment, indissolubly linked with an improvement in the purchasing power of low and medium wages.

This is the field of confrontation that the left must choose, doing what it must do now if it wants to have positive medium-range results.

Here the foundations exist for the cohesion needed by the majority in order to succeed, along with the conditions for preserving and strengthening the possibilities of unity already helped by the agreement between the French Communist Party and the Socialist Party made in June 1981.

#### Necessary Intervention of Workers

We can never say often enough that our participation in government is neither a tactic nor a circumstantial thing. It stems from the implementation of our strategy, our will to move forward on the democratic path, at a speed and on a level determined by the people, toward a socialism that is itself democratic. The positive activity of our four ministers, recognized by all reliable observers, bears witness to the loyalty of the French Communist Party, its respect for agreements made and its faithfulness to its own commitments. In the government, in Parliament and in the country, communists want to act effectively to help proposals and measures which, while considering the circumstances of the internal and external limitations stemming from the crisis, respond to the interests of the workers and the people, as well as to the prospects of coming out of the crisis for the country.

It is because the Communist Party chooses these grounds, the grounds of the class struggle, that its action is closely linked to the necessary intervention of the workers and the people.

In this sense, the right will find the Communist Party opposed, now and in the future, to its strategy of failure and helping to seek and implement all measures aimed at limiting the power of capital, the essential condition for opening the way to a policy of lasting economic, social and democratic progress.

#### Higher Level

In this struggle, one must have political determination and we have it. But one must also measure the level on which all activity must be waged in order to succeed. For our part, halfway through the legislative term and considering the will for change in the daily lives of the workers, we intend to carry our action and our proposals to a higher level in order to achieve a great industrial policy that will create jobs and regain the domestic market, conceived as the basis for new international cooperation. Since there can be no good industrial policy without a good finance policy, our action must also help the activity of the banking sector in that direction. Since the domestic market cannot be developed without growth in consumption, our moves must result in an improvement in low and medium wages and a gradual commitment to social justice. Finally, our action must enable nationalizations, decentralization and the new rights of the workers, all the tools with which the country has endowed itself, to enter life as means of economic and social effectiveness.

It is on this basis that we must act in order to create the conditions for rallying all energies needed for the success of the left.

From this standpoint, the success of the Festival of Mankind, in its preparations, content as well as scope, bears witness to our determination and possibilities. It was a great political moment that was indispensable to the workers and our people in order to develop constructive action and contribute effectively, through their intervention, to the gradual implementation of prime objectives. It revealed that a growing number of workers who voted for the left are aware that it is not enough to change the political majority and speak out for commitments in order for the latter to become a fact.

It is not enough to understand the legitimate discontent of the workers, which is expressed in hesitation, disillusionment and abstention from partial elections. It is not only statements, however well drafted they might be, that will create the conditions for the needed unity, but rather, a consistent attitude in order to deliberately emphasize the orientation toward new growth that will create jobs and social justice, an attitude making the intervention of the workers and democracy an essential condition.

That is why it is important for the workers, in order to develop their action, to have a clear vision of the stakes and confrontations characterizing the current period. In that spirit, I propose to continue this report on: the nature of the class confrontation and the means to move ahead.

#### I. Nature of Class Confrontation

During the most recent period, the right and management continued their offensive against government orientations with the determination to bend them and destabilize the majority. In a word, the class struggle has become more acute and more bitter.

Beyond this observation, everyone can understand that it is necessary to discern the resulting implications for our own activity.

One must note the revanchist actions of the right in order to eliminate any trace of the management of the leftist union in the municipalities it has won, going so far as to change the names of streets and collective facilities, so intolerable is anything that might evoke progress, freedom and peace. It is also determined to make all municipalities it heads "countergovernments," thus abandoning organizations for the young, suspending local employment committees, failing to stand up to racism in word or in deed.

Seizing the opportunity of the meeting of our party and the CPSU, the burden of economic difficulties or our position on Chad, Chirac and the right have orchestrated a violent anticommunist campaign demanding the departure of the communist ministers, a campaign that has taken on a systematic character tending to trivialize it. To this one must add the campaigns against socialist countries, presented as the "empire of evil," to use Reagan's expression.

#### Right and False Left

Within such a context, the right has received the active aid of the false left, the American left. The pseudosilence of the leftist intellectuals has been attributed to the participation of communists in government. This amounts to

keeping silent about the fact that intellectuals, like other social classes, are confronted with the harsh reality of the class struggle, in the diversity of their practices. It then amounts to masking the inadequacy of the responses provided by the Socialist Party to the problems which intellectuals must now face. This complex reality, the existence of a certain disillusionment, is used by the right in order to spread doubt about the value of the transforming proposals put forward by our party for an other society, French-type socialism. That is why we intend to continue this debate about the real questions that have been posed, opening it up to everyone and offering a constructive outlook.

It is not an accident that, at the same time, the right works to redefine a doctrine, to restructure an ideology, as shown by numerous press articles. That is what explains the campaigns of confusion orchestrated about the subject of the death of Marx, conducted with a precise objective: identifying any attempt to find any original way out of France's crisis with totalitarianism, with a "gulag," disqualifying the commitment to the revolutionary fight by enclosing it in the false choice between dogma and doubt.

In the same movement, the right has situated its political proposals. Barre and Giscard d'Estaing recalled their determination to bring all social achievements into question. They have come out for a lightening of the social burdens of enterprises, for a reduction in public spending, for denationalization. On this point, Chirac was even more precise, proposing, not only to go back on the "nationalizations decided on by the socialist-communist government, but on those sought by General de Gaulle and even, with the Sevres porcelain works, those instituted before the fact by Colbert" and, more recently, by proposing to break up the social welfare system.

This Reaganistic approach explains the conduct of the rightist forces in hindering the development of the public sector going in the direction of the reconstruction of the industrial fabric, but also their efforts to establish the RPR in the enterprises.

CNPF [National Council of French Employers] as Center for American Party

In this confrontation, management assumes its complete role. Modeling itself after the recovery of the American economy, totally based on the consolidation of the positions of financial capital, it favors the use of major backing for speculative interest rates while the big firms, managed in keeping with capitalistic criteria of financial profitability, redeploy their capital, expressed in foreign investment, a persistent decline of investments, the strangling of small and medium-size businesses, particularly those linked with subcontracting, and the elimination of jobs. The increase in the dollar, which amounts to exacting a veritable tithe from countries all over the world and masking the deficits of the American Government, is presented as a sign of good health, while it actually demonstrates the unsound nature of a recovery essentially based on financial growth in a country that has 35 million poor people.

In the guise of being competitive on an international market dominated by the economic war organized by the Americans, management demands a reduction in the social benefits paid by enterprises, which it makes a point of confrontation and awareness.



While it used the summer to accelerate its policy of eliminating jobs, it demands greater flexibility for job guarantees -- that is, freedom to lay off workers.

In order to have freer rein in the implementation of this policy, it does not hesitate to recommend to corporate executives to organize a constant protest against new workers' rights. In order to avoid the dangers of this important social advance in their applications, it declares that "the obligation to negotiate does not imply the obligation to conclude."

Through this aggressive conduct, the leaders of the CNPF become the organizational center for the American party in the country. A few years ago, it asked about the timeliness of regaining the domestic market and today, since the government has made it its objective, it is fighting it and has orchestrated a campaign on the dangers of protectionism -- which no one wants -- in order to insert our economy into the strategy of American domination.

#### Anticommunism, Racism

In this approach of management and owners, one must discern the determination to accentuate financial profitability. But in order to understand, one must also see its determination to achieve its political objective: the reconquest of power by the right.

As the crisis of capitalism grows deeper and as the people's will to be free grows stronger, the class struggle grows sharper and the fight for freedoms and human rights is expanded. In order to try to halt this movement, the American leaders are developing a veritable ideological war, distorting the facts, responsibilities and solutions. In this movement, they try to make solutions of force prevail, stirring up localized conflicts in which they go so far as to intervene militarily, renewing the arms race which, in addition to the terrible dangers it entails, is used as a means of pressure and domination.

In this, our fight for human rights, to give them their proper place and real dimension, is inseparable from the fight for peace, detente and disarmament.

In this context of great political and economic pressure exerted by the right and management, the struggle of ideas tends to take on the deplorable mask of violent anticommunism, through the distorting prism of the written and audiovisual media. In this action, which can sometimes be likened to veritable intellectual terrorism, all is fair. The goal to attain, by bludgeoning, conditioning and disorienting the viewer, the reader, the citizen, is to make him lose all sense of direction in his own perception of the world and society which surround him.

Anticommunism has now taken on intolerable proportions. Caricaturized, distorted or simply omitted, the positions of our party are systematically the object of the most vulgar attacks on the basic rules of the journalistic craft. Without a doubt, the dignity of these professionals is their own business, but our dignity as communists and as men and women who, in a continuing fight,

are working with all their might for economic, social, industrial and cultural development of the country, for its independence and the well-being of its citizens, that dignity must not be thwarted on a daily basis. We are not indebted to anyone. Our decisions are made in our organizations and are based on solidarity, justice, respect for the human person, competence and democracy.

It is more than time to rehabilitate the political climate in our country, to firmly oppose demagogic appeals, the class hatred that is nothing more than racism aimed at communists.

It is normal for people to discuss our ideas, our proposals, our conception of French socialism. It is legitimate that they be questioned in a loyal, lively debate. That is fruitful, constructive and indispensable to democracy. But there is no right, no place, no responsibility, whether moral or social, which allows a few dozen gurus to incite millions of their fellow citizens to hatred.

#### Unified Approach

The thorough analysis of the last Central Committee meeting is therefore fully verified. As we said at that time, "the class struggle is more real, more bitter than ever."

This should not be surprising or discouraging. In 1981, in order to protect against the illusions that might be aroused by the arrival of a leftist government with communist ministers, not only did we indicate that that event did not put an end to the class struggle, but that the struggle would grow in proportion to the advances of a new policy containing the possibility of countering the influence and power of capital. That is why, when Edmond Maire reduces these facts to whining, he reveals that the situation is surprising only to those who are blind to the class struggle.

We communists intend to advance with patience and perseverance, which excludes neither counterstrokes nor controversy, in order to reveal the objectives and approaches of the American side. We want to progress through constructive means, turned toward the people, all people, even if, out of ignorance or illusions, they still give their support to the Giscard, Chirac, Barres and Lecanuets. We want this approach to be united in order to rally the greatest number of people, with the sole concern of responding to the serious problems facing the country.

Our governmental solidarity is part of our attachment to the policy we defined with the Socialist Party, but also of our determination to do everything to achieve the changes desired by the French people. That is why we put forward constructive proposals. That is why we support all the actions of the workers in that direction. And when we make observations, we are faithful to our concept of pluralism. In this difficult and complex situation, no one has a monopoly over the right solutions. They require reflection, discussion, the ear of the workers and the people.

Naturally, the Socialist Party has never in history had the opportunity to find itself in a confrontation in which, with a majority in Parliament, it assumes

the responsibility of the government with the Communist Party. One must note that this confrontation now has an effect on its behavior and on the existence of conditions in order to move forward, as is necessary.

Many things have changed with the victory of the left: the assumption of government responsibilities in times of crisis, the legitimate demand of workers and the people to see some relationship between commitments and accomplishments, the relentlessness of a right which now fights for itself and which thereby tries to define its own issues.

That is why the original development of our activity, our proposals, based on the growing influence of the Communist Party, is indispensable to all the left if it wants to overcome obstacles, bring about the failure of the right and succeed.

From this angle, one must note the progress which the mass movement is beginning to achieve. Things are happening in the manner of approaching indispensable transformations in a positive, constructive manner.

Management has used the favorable signs of this most recent period to demand more sacrifices of the workers and develop a brutal policy of eliminating jobs.

Facing this situation of increased tension, the workers are developing struggles distinguishing between the responsibilities of management, certain boards of nationalized enterprises and the government. Every time that moves are taken in a constructive manner, the workers broaden their base of intervention in order to achieve results. This is so in the automobile industry, in which, upon the announcement of massive layoffs at Peugeot-Talbot, the action of the workers, questioning the circumstantial nature of such a measure, helped the appointment of an expert to examine the financial and industrial management of the firm. At Châtelaine-Darblay, the proposals of the CGT, which, at the beginning of the conflict, were considered as unrealistic by some, gradually marked up points, gained the support of engineers, upper-level personnel and technicians and have now made it possible to get a complex plant back into operation and express the will to promote French paper manufacturing to the maximum extent. At Roissy, by stepping up explanations, procedures and inter-business reports, Air France workers managed, in an initial phase, to have a large share of plane tickets to be printed by a French company.

These examples are not exhaustive, but they reveal that there is growing awareness of the forms of struggle needed to make progress.

As one can see, the political situation in the past five months essentially confirms the analysis of the Central Committee meeting in April, while enabling us to clarify it.

The right is aggressive, but it is not in an easy situation. It must also, in order to last, adapt its strategy. At the same time, it faces the need to rewrite its doctrine in the midst of multiple contractions. The Dreux elections, for which one must not derive excessive conclusions as to the forces of the extreme right, nevertheless take on a serious nature to the extent that

they show that the right does not hesitate to ally itself with the forces that develop racism and hatred by demagogic campaigns exploiting discontent and a narrow, reactionary corporatism.

The right is all the more determined because, by virtue of our activity, we are beginning to harvest the early fruits of the gradual implementation of our strategy.

This profoundly democratic approach, which in all domains supports constructive proposals worked out with the workers and the people, stirs interest about us in the country.

Despite repeated attacks on our party, we have been able, through the proper responses, to get to the heart of the debate and, by updating our proposals in terms of the people's questions, to create the conditions for progress.

## II. Means To Advance

### A. What France Needs To Respond to Workers' Aspirations

In recent months, one can see certain results regarding inflation and foreign trade. At the end of the year, the rate of inflation was on the order of 9 percent, positive compared with the 14 percent under Giscard and Barre, and there is a drop in our foreign trade deficit. But inflation remains high compared with other countries and the trade balance results remain marked by the cooling of economic activity. Unemployment has stabilized at around 2 million, essentially because of social measures taken by the government. One must note that during the same period, unemployment is up in the Federal Republic of Germany, Great Britain and Italy. For the entire EEC, it is 11.6 million. In the United States, despite a slight drop in the summer, there are still 11 million unemployed.

However positive these initial results may be in comparison with other capitalist countries, the fact nevertheless remains that no one can be content with 2 million unemployed. Everything possible must therefore be done in the private and public sectors in order to reverse the trend.

As we have seen, management has embarked upon a violent offensive against employment. Layoffs, which totaled 80,000 during the first half of the year, were speeded up in the summer and affected 44,000 persons in two months. All sectors are affected, particularly metallurgy, with the automobile and iron and steel industries, chemistry, wood, the garment industry, textiles and plastics. Large regions such as the Ile-de-France, Haute Normandie, Nord-Pas-de-Calais and Rhone-Alpes have been hard hit.

Under such conditions, one can understand why employment problems, closely linked to those of purchasing power, particularly at the beginning of this school year and at tax-paying time, are a prime concern of the workers. Nothing is more urgent than to make a vigorous effort for jobs.

It is a positive sign that the notion we advanced of the "economic management of employment" should have been taken over at the government level with the objective of creating lasting productive jobs.

Measures considered, such as a reduction in the retirement age for heavy labor, gradual retirement with the hiring of young people, intensification of job training and orientation for young people, a reduction in work schedules and greater efficiency of public organizations such as the ANPE [expansion unknown], the AFPA [expansion unknown] and the ASSEDIC [Association for Promotion of Employment in Industry and Business], are also moving in the right direction.

But we would be wring if we thought that such measures were sufficient. In fact, the troublesome situation we are experiencing is due to declining investments, the continuation of foreign investments and the persistence of management engendering the squandering of funds. All this stems from administrative management in the private sector and the public industrial sector as well, where certain officials maintain orientations going against the general interest.

#### Great Industrial Policy

Everything demonstrates it: One can only embark upon a policy of full employment by developing a great industrial policy, competitive production, based on the reconquest of the domestic market and releasing increased resources for new growth, social justice and employment. That is the great battle that must be engaged and won.

We must therefore wage a heated battle of ideas in order to do away with old lies given out day after day, as obvious truth, by management.

It is not the so-called excessive social benefits that check the development of business, but essentially, financial charges. The wealth produced by businesses is squandered on dividends paid to big owners, on the exportation of capital, monetary investments and speculative financial operations.

Thus, the lack of investments does not stem, as the CNPF claims, from a lack of money of all enterprises. In fact, profits of industrial, commercial and service companies more than doubled in eight years and in 1982, totaled 627 billion francs. The truth is that these profits are not used to finance skilled employment, productive investments, a boom in consumption. In 1982, 60 percent of all business profits were not used for productive investments.

Contrary to management practice and dogma, modernization and competitiveness are not won through layoffs. On the contrary, it is possible to save on capital spending based on new technologies and human skills. The scientific and technical experience of our country, the individual and collective knowhow of its workers, forged by centuries of tradition, knowledge gained by scientific workers, engineers, technicians, the spirit of innovation that drives them, the accomplishments of bitter struggles: All these assets allow us to affirm that, provided they are mastered, technological advances are an essential

element for the reconquest of the domestic market and constitute a priority for loosening outside limitations.

Thus, it would be useless, contrary to what some claim, to hope to hitch France to the bandwagon of an international recovery driven by the United States. In addition to the fact that the current American recovery is too precarious and is mainly achieved by a resumption of financial accumulation in the United States, for the rest of the world, it means an intensification of the economic war thanks to the exorbitant privileges of the dollar and to high interest rates. Within such a context, to favor production solely for export would be to make our economy more fragile and worsen our situation. France must create the foundations for new growth, growth for man and linking quality of life with production. To pit these two terms against one another is to accept unemployment with all it means in human drama and economic waste. To accept zero growth is to accept the crisis and all it signifies in terms of the deterioration in individual and collective life. Naturally, it is not a matter of producing for the sake of producing, but producing to meet our country's many needs and, through cooperation, to meet needs that are expressed in the world.

This implies growth making it possible to find more time for training, research, the enrichment of work and for more skilled jobs eliminating repetitive tasks and hard labor.

Producing more and better is also necessary in order to build better housing where one can live well, more social and cultural facilities, but facilities more in keeping with the wishes of those who use them, better transportation, living conditions, and so on.

In a word, we want growth that will enable people to take their destiny in hand rather than to suffer it, that will enable democracy and freedoms to expand at all levels of society.

It is in order to move in this direction that we call on workers to act to promote an industrial policy including precise objectives regarding the creation of jobs, more coherent and strict management, the mobilization of men and women, the creative, productive and natural resources with which France is richly endowed.

At the time of the debate in Parliament on the Ninth Plan, the government is facing a debate on industrial policy. This positive move should have a broad response in the country. It must be enriched and backed by the experience of workers and their struggles.

To embark upon the reconstruction of the industrial fabric, the reconquest of the domestic market and technological independence implies the simultaneous development of advanced industries and traditional industries.

To do so, interenterprise cooperation may permit a better approach to the domestic market, make it possible to overcome objective difficulties that may exist, to better understand problems of employment, training, promotion, reductions in material costs.

Likewise, employment-training-production contracts proposed by J. Ralite can constitute a major asset in fighting unemployment. Already, experiments are being undertaken aimed at better use of public monies for jobs, training and efficiency. There is a growing idea that for employment and future productivity, it is better to have a worker being trained now than totally or partially unemployed.

The indispensable renewal of industrial policy will also make it possible to outline the foundations for international cooperation with respect for the interests of the different partners. It will make it possible to move toward the achievement of a new world economic order. This would be true of European cooperation based on the development of employment and more balanced trade between the different countries involved.

#### Financial Means for Economic and Social Effectiveness

The banking system, now nationalized, must finally play a positive role and cease to favor only financial operations. Likewise, it must cease to increase the indebtedness of French banks excessively on international money markets. It must try to lower interest rates for useful and effective operations for the national economy and, through greater selectivity, favor industrial projects including goals having to do with production, research, training and job creation.

To defend jobs is also to defend the purchasing power of low-income families. Beyond the necessary social justice that must be promoted, it is also an economic problem. If the consumption of the people drops, the domestic market is limited, production drops and worsens unemployment.

We must be attentive to an essential improvement in low and middle wages, those of skilled workers, naturally, but also of professional workers, white-collar workers, technicians, because if the purchasing power of the latter should drop, it would run counter to an improvement in training and the development of initiative. Salaries of engineers and management personnel must be protected, for the professional activity of all these workers is essential in order to produce more and better. The same is true of farm income of small and medium-size farmers who last year experienced the beginning of a recovery, but who must progress through measures lowering production costs.

That is why the proposed 1984 budget, which is intended as a tool of economic effectiveness and social justice, should, as proposed by the communist group, lift the threshold of the special surtax on wage earners. It should also be stricter regarding financial income and waste, taxing French and foreign stocks and shares, limiting the effects of the veritable racket which the Giscard loan is, taking more from great fortunes. In addition, the heights achieved by this budget require the speedy study of a tax reform which, with progressive taxation, gives more consideration to realities of income and particular of capital.

Everything must be done to embark the country upon a major industrial policy based on modernization and new technologies and we must look with a new eye at the changes this entails.

Thus, in connection with the reduction in the work schedule to which workers legitimately aspire is the problem of the life of material equipment. One cannot ignore this reality without risk of leaving the field free to those who want to step up work and reduce purchasing power.

One cannot approach these questions as we have done in the past. We must do so in a constructive manner, based on real facts. New work schedules can be examined on the condition that we consider reducing the work week, maintaining and improving wages, creating jobs, the necessary harmony with biorhythms and the rules governing family life in society.

This must be done with the workers because they alone can say what they want. Debate, discussion and prospects can make it possible to come to positive agreements, overcome hesitant or frozen approaches and, based on changes, move forward with economic and social efficiency.

As one can see, our whole approach can be summed up in a single word: democracy. Democracy is now the most effective means for moving forward. In fact, a social way of life, of organizing management, is beginning to be built, imposed by life and giving rise to a qualitative and quantitative development of action by workers.

In this, the new rights which workers must enjoy in their companies have become a necessity. It is a terrain which workers must occupy. Already, initial experiments are pointing the way to new possibilities that exist for changing the type and conditions of work, for opening the way to new productivity, for changing management in the direction of greater economic and social effectiveness. We must do away with hesitation, questions or groundless fears of lapsing into class collaboration.

At the April Central Committee meeting, Georges Marchais showed that while this mobilization of the people's forces is a need, action does not come by itself, even if it is easier today than yesterday, due to the fact that the left is in power and that workers have new and broader rights. Moving along this path now means waging the battle of information so that workers will have all information about the company and industrial branches. It is indispensable for the coherence of the proposals which their experience and knowledge of the enterprise, the workshop or the office make it possible to discover. It is now economically and socially outdated for decisions concerning the activity of workers to be taken behind their backs and for them to be presented as accomplished, intangible facts. Based on enterprise committees and the new economic commissions, one can negotiate investment and training plans, the choice of products, and ensure use of the right to have warning.

This fall, annual negotiations on wages will begin in all enterprises. We must see that they effectively lead to raises making it possible to maintain the purchasing power of all workers covered by collective contracts and to improvements in the purchasing power of low and middle wages.

The "new citizenship" of workers in enterprises and their new rights to set up factory councils, groups of expression and even quality clubs, far from opposing the responsibilities and the role of engineers, upper-level personnel and



technicians, makes it possible to open the way to cooperation needed to improve the organization of production, the choice of investments and products to develop and improve the content and organization of work.

It is also the way to negotiate the contents of enterprise regulations, particularly of the small and medium-size businesses, in order to make it possible to modify conditions for the expression of workers and ensure the development of trade union activity.

As one can see, this field of activity gives a new dimension to trade union activity. In this sense, the CGT has a great role to play. In saying this, I recall that we are resolutely attached to the independence of trade union organizations with regard to management, the government and parties. It is with respect for this independence that the communists who work actively within the CGT must be the effective artisans of the implementation of decisions and guidelines defined by trade union organizations. They must be attentive to the fact that the prime and essential mission of the CGT, as its 41st Congress emphasized, is to defend the material and moral interests of workers, all workers.

In order to do so, it is necessary, as CGT officials publicly recommend, to be by their side in action, to hear them, to give up tendencies toward narrow-mindedness and bureaucracy.

These conditions make it possible to distinguish action on behalf of claims from the drafting of indispensable industrial plans. For this latter tasks, enterprise committees and similar organizations now have more means, which should make it possible to release trade union militants for activity in workshops and offices.

Naturally, a vision of what industrial policy and management must be is indispensable. It guarantees the coherence of action on behalf of demands, but it cannot replace it or relegate it to a secondary level. What is essential in both cases is the connection with workers and the quality of their intervention so that social demands, as a stimulus for economic proposals, will be drafted and defended.

In the weeks ahead, the social security elections will constitute an important an important battle for the representation of workers in management organizations, for the defense and improvement of our social protection system.

Our party believes that workers must bring all their weight to bear in order to achieve the failure of attempts to tax and privatize the social security system now witnessed in many places. We must act to set up financing based on the creation of wealth making it possible to guarantee the right to health for all and help to fight all waste and bureaucratic procedures through democracy. In a word, we must give social security complete efficiency in the service of the population.

## B. International Situation

Naturally, in the implementation of means to move forward in our country, one cannot ignore the developments that have marked the international situation in the most recent period.

These multiple developments reveal the difficulties of imperialism, whose system is in a profound crisis, in opposing the rising struggle whose forms, characteristics and intensity may vary, but which contain the people's demands for peace, disarmament, progress, democracy and sovereignty.

With their great diversity of forms, the socialist countries are evolving positively, at the cost of great efforts to overcome contradictions and problems. Their progress, although slow, is real in the economic, social, cultural and democratic fields.

This situation as a whole is becoming intolerable for imperialism and, first of all, for the American leaders, who, in order to try to stamp out this movement and regain part of the ground lost, are stepping up their policy of tensions. They are trying to use solutions of force, including by increasing their degree of military support and engagement. This is true in Central America, where the United States is participating openly in the fight against progressive forces, in the Middle East, where it does not hesitate to engage its army in order to impose the Israeli-Lebanese agreement signed as a result of its pressure and whose application has led to a worsening of the grave internal conflicts that country is experiencing.

Simultaneously, it is intensifying its efforts and pressure to drag its allies into this policy of confrontation.

As we have already said, that policy, fraught with dangers that we do not underestimate, does not cause us to change our evaluation of the change in the ratio of forces on the world level. It is not a sign of the strength of imperialism, but the expression of the crisis in its system of domination.

The American leaders have had to recognize the failure of the policy of economic embargo against the USSR and the socialist countries. They must also face broader pressure from the people in Chile and the struggles of new countries such as the Philippines and Pakistan, which they deem vital to their policy.

In addition, the United States' determination to export the effects of its own crisis to its allies enlivens contradictions of interests between Western countries, even if solidarity remains, after the Williamsburg summit conference, the dominant trait of their relations.

This new aggressiveness, the resulting dangers, but also the growing struggles of peoples, their aspiration to peace and disarmament all lead us to step up our efforts to establish a climate of international security and detente. Whatever their opinions or convictions, it is the action of all pacifist forces that will help negotiations engaging the West and the East on the path to balanced disarmament. In that spirit, the meeting between our party and the CPSU is an important contribution.

In general, only the search for political solutions negotiated with respect for the sovereignty and integrity of nations can permit a halt in the conflicts which imperialism activates and which stem from the aftereffects of colonialism.

In Chad, while noting our concern about the dangers of a major French military presence, we maintain that the political way out of the war depends on negotiations, leading to the withdrawal of all foreign forces and leaving it up to the Chadians to decide their own fate.

This is also true in Lebanon, where the civil war is again raging, with its cortege of victims and destructions. This results from the will to dominate of the Falangists, backed by the United States, which opposes a dialogue opening the way to a process of national harmony demanded by the diversity of communities and traditions. France can play an important role in helping these necessary negotiations and also in working for the creation of an international UN force with a mandate moving in the direction of negotiations.

An identical approach guided our position in the drama of the South Korean Boeing. We cannot detach responsibilities in this tragedy, whose consequences were so heavy in terms of human life, from the international context dominated by tension, confrontation and the threats of imperialism. That is why we have not ceased asking that the complete truth be known. Even today, major contradictions remain. Neither boycotts nor threats will advance the truth as it is and which the world must know. This affair can only help create awareness of the urgent need to embark upon the path of international detente.

In the face of the persistence of American leaders in wanting to put the Pershing and Cruise missiles in Europe, the months ahead will be marked by many actions and moves aimed at demanding a positive solution to the Geneva negotiations.

The month of August was already marked by several major demonstrations with the anniversary of Hiroshima and the day of 27 August in Washington.

In the Federal Republic of Germany and other European countries, the power of these movements, which receive the backing of trade unions and certain social democratic parties, creates increasing difficulties for leadership forces in making their people accept a new escalation of the arms race.

In France, after the success and effect of the rally at Vincennes for the Appeal of the 100, action will undergo new developments with the "Peace Chains" organized by the Peace Movement from 23 to 30 October on the occasion of UN week for promotion of disarmament objectives.

New possibilities exist for contributing to an ever growing mobilization of peace forces.

At the same time, the USSR has just renewed the major proposals made in August aimed, if the United States does not install the NATO missiles, at the withdrawal and destruction of the SS 20 missiles, leaving only enough to balance the British and French nuclear forces. This important proposal has been

ignored by American leaders and their spokesmen in the media, who seized upon the affair of the South Korean Boeing to orchestrate a veritable anti-Soviet campaign of hysteria.

With the approaching implementation of the double NATO decision, this has not prevented the growing idea of giving primacy to the negotiations on the installation of the missiles, particularly the idea of delaying their establishment in order to give negotiations more time.

The Madrid conference has just concluded with an agreement whose main result is the decision to organize a European conference on disarmament in Stockholm in January. This shows that even the most difficult negotiations can succeed despite the obstacles. The fact that such results were achieved with the participation of all European nations reinforces the proposal of our party to open the Geneva conference to all nations directly involved, whether large or small. This proposal, which marks our attachment to respect for the independence of every nation and to the guarantee for France of having the means of protection and defense with which it has provided itself, has received a positive response, both nationally and internationally.

Georges Marchais recently recalled that "France has a great role to play on behalf of peace and friendship between nations." Naturally, France cannot do everything, but it does count in Europe and in the world. The two essential elements of the majority signed an agreement in which they pledge to support France's international action for peace and gradual disarmament. We hope that the Socialist Party will, in its own way, embark upon this path. Men and women of all opinions have already committed themselves. In action they have discovered the way and manner of a common approach. They have helped promote this demand for detente and disarmament.

That is why we are happy with the measures taken by the Appeal of the 100 and the Peace Movement and we call on all communists to join with other participants in making their contribution to the success of measures to be taken in the months ahead.

### C. Activity of Communists

In his report to the Central Committee last April, Georges Marchais emphasized the need to step up the party's capability for action and initiative. He also outlined three aspects of this activity that are a problem and that must be corrected: the party's activity in enterprises, our action on behalf of youth and our relations with associative life. It is important to continue in that direction.

#### Party in Enterprises

Without taking up all of these questions, I would like to stop and see where we are now, with respect to party activity in enterprises.

In several places, progress and efforts have been made with respect to the content of the political battle as well as the use of our forces.

Our action on behalf of employment, national production and the search for construction solutions adapted to the problems have resulted in a broader expression and new relations with categories of engineers, upper-level personnel, technicians and white-collar workers. Some federations, sections and cells have begun to modify previous practices.

In such cases, one notes a closer relationship with workers in drafting positive, realistic solutions and a beginning of broader intervention by wage earners. In several federations, the establishment of enterprise cells, including during the summer period, shows the real possibilities that exist.

This only better clarifies the gaps and inequalities that persist and the efforts that must be made to rectify everywhere and at all levels. It is not enough, in fact, to be convinced of the current stakes and prospects of the class confrontation. We must above all derive all consequences in practice.

In the Central Committee, federations and sections, we must proceed to wage a veritable "operation truth" with respect to the redeployment of our forces and cadres, aid to and the followup of political battles and the utilization of the proper human and material means.

As we have said, it is a matter of considering the enterprise as it is, with all the men and women who work there, as they are.

From this standpoint, while knowledge of sociological changes has progressed, the consequences for our activity are not yet generally evident.

To know the new industrial geography, the evolution of the social makeup, trends among professionals and skilled workers, the growing role of technicians, upper-level personnel, engineers and white-collar workers, the entry each year of nearly a half million young people into enterprises and business establishment and the place of wage-earning women, has no real meaning if we do not derive the consequences for our action.

The necessary intervention of workers and their rallying to solve the problems facing them and the country lead us to act to gradually modify social relationships in the enterprise. This stems from the current situation of enterprises, from the fact that intellectual activities increasingly have a productive nature. This also stems from the choice we have made to act democratically to modify conditions and ways of thinking.

This new approach poses relationships between the different categories of workers in new terms, which leads us to rely on the accomplishments of our experience with the alliance in order to go beyond it and open the way to cooperation and the unification of all workers.

In addition, we must wage campaigns in the enterprises with perseverance and tenacity. Too frequently, actions that start well become diluted in the ensuing weeks and months. The disadvantage of up-and-down, sporadic actions is obvious. We appear to be more concerned about agitation than about obtaining concrete results, which is our goal. Our relationship with wage earners is thereby limited and we lose the benefit of results obtained.

As for national measures which the party is organizing in the period ahead, they must be aimed at the objective of developing the activity of the cells and sections concerned.

Likewise, we must help more so that immediate responses will be organized to the offensives of the right and management, the fight against ideas concerning the inevitability of the crisis and austerity.

In order to do so, the use of the party press and the active, continuing dissemination of L'HUMANITE and L'HUMANITE DIMANCHE, along with REVOLUTION, must be assured. In addition, the publication of enterprise and cell newspapers, tracts, debates and speeches are indispensable means that are not sufficiently made use of.

#### Parisian Region

This priority in the activity of the party in the enterprises also leads us to pay greater attention to the Parisian region.

The importance of the region, where 10 million persons live, the dimensions of the political confrontation, the will of the right and big management to continue a policy of decline and to hit hard at the working class and its organizations: All these things lead us to call the attention of the Central Committee and all communists to the Parisian region.

In June, in a letter to the minister of industry and research, Georges Marchais called the government's attention to this essential question, asking that measures be taken to halt shutdowns of enterprises and the loss of countless jobs.

He expressed our will to carry out our slogan through struggle: "No more plants shut down; no more jobs lost in the Parisian region."

Continuation of the disindustrialization is unacceptable, just as the will of the right and big capital to empty the productive sector and tertiary sector of their jobs is unacceptable, especially since this region is an essential support base for an industrial policy that will create jobs.

I also wish to emphasize that this offensive of the right and management, beyond its economic aspects, takes on obvious political significance. The recent decisions to cancel elections in municipalities of the Parisian region are aimed at nothing more than striking out at our party and the left as a whole.

One must also note that these decisions come at a time when the results of the partial elections confirmed the evaluation of the latest Central Committee meeting on the beginning of rising party influence.

Everything shows that without the intervention of wage earners, who must be aided in a specific manner, without the action of elected officials and the new powers entrusted to them within the framework of decentralization, the decline of the Parisian region will continue. We must therefore raise the level of the fight.

From this point of view, a great deal remains to be done. Hundreds of thousands of wage earners wondering about the present and the future are deprived of aid in the Parisian region. They know neither our analyses nor our proposals. Too frequently, they see communists only at the time of elections.

In this field, it is a veritable rectification more than an improvement that we need.

If the enterprise is to be at the core of our activity, other questions are also major concerns in the Parisian region, particularly that of better living conditions, safety, housing, social life and transportation.

That is also the case of immigration. We cannot allow the right to develop its odious campaigns aimed at presenting immigrants as those responsible for the job crisis.

Racism is not an opinion; it is a crime that should be punished with all the legitimate severity allowed by the antiracist law of 1972.

Fighting racism implies consideration of the real problems that exist. Since the beginning of the 1970's, our party alone has demanded a halt to immigration, in the interest of French workers.

The right and management have continued to bring in immigrant workers. The government has now decided to halt all new immigration. It is indispensable for this decision to be applied scrupulously and, at the same time, to prosecute the traffickers of men and enterprises that use illegal immigrants.

In all cities, better assimilation must be brought about. Reception must not be limited to a few communes, but extended to all and special means must be granted to improve life in the compounds. We must do away with the veritable ghettos that have sprung up as time has passed. We must solve the problems of cohabitation and establish harmonious relationships. It is particularly urgent to have such measures wherever often serious tensions exist. Likewise, we must examine the school situation and efforts to be made in order to enable French and immigrant children to have a better education.

At the same time, we call attention to the fact that respect for rights must be accompanied by respect for duties and obligations. True solidarity is built through action.

Going to the People

"With all our members and all our organizations, we must go to the people."

In order to achieve the objectives we have set, there is no secret and we know it. A great strong, influential and active revolutionary party is needed. And it cannot be achieved, as the Saclas Central Committee meeting emphasized, unless the party has close, intense daily ties with the masses. Such ties can only exist with the participation of all communists who live and work among the workers and people.

It is estimated, in fact, that one out of every two French people belongs to an association. Among them, there are those which play a great role in the expression of the people's concerns and aspirations. It is therefore important for communists to assume their role -- an active role stemming from their experience and background -- in the activity of what is called the mass organizations. Naturally, it is not a matter of occupying or controlling, but rather, of giving these associations our original contribution and devotion, with unswerving respect for their bylaws and programs.

But this means that we must watch over party life, its strengthening in influence and organization.

The memberships gained at the Festival of Mankind during the federal holidays this summer demonstrate the growing interest in the Communist Party and its action.

Since the beginning of the year, 42,000 new communists have joined our party. That is progress over last year. The same is true with respect to the issuance of cards and payment of dues.

Beyond these figures, what is essential is our ability to take in these new communists, to breathe life into our cells while being attentive to training, to make them the crucible of initiatives voted in the very heart of the enterprise, the district or village. In order to do so, we can never overemphasize the decisive role to be played by the cell. Do we not too frequently tend, when there is a political objective to be achieved, to use the cell only as a means of transmission and not as an essential place of reflection, planning and programming, the only means our party has of addressing thousands of persons? Actually, it is on the capacity for action and proposal that workers will judge our party, evaluate its effectiveness and judge its constructive action.

These three questions: recruiting, issuance of cards, life of the cells, must be expressed in measures in all our organizations in the days and weeks ahead so that the party everywhere will be strengthened by the end of 1983.

Activity of communists today in order to move ahead means deploying the whole range of our strategy based on the facts, aspirations and new ideas that the experience of every individual begins to bring out. It means living the slogan of the last Central Committee meeting: "Going to the people everywhere," on the political level as required by the analyses and objectives we have just outlined. Many debates have taken place throughout the country. They have revealed the people's desire to express themselves, to understand and make proposals. As a general rule, their preparation has been marked by some rapidity and great inexperience with respect to real debates. There is too great a tendency to count on spontaneity stemming from a piece of news or an invitation. A debate must be planned for weeks through political discussions on topical issues, in connection with the concerns of the people, giving the image of an open, serious and constructive party.



We must continue to work along these lines, with great improvements and while organizing thousands of meeting-debates, decentralized throughout the country, at the prompting of the sections and cells.

We must take up the debate everywhere under conditions adapted to the enterprise, place and district and, wherever possible, address the different categories of workers.

We have serious proposals, a resolutely innovative policy that corresponds to the realities of our country and our time. Confronted with the offensive of the right, we have a wide field of action and major forces for advancing boldly and effectively along the path that is our own: serving the interests of the people and the country, moving ahead so that, with respect for the workers' aspirations and the commitments made, the policy of the left may succeed.

11,464

CSO: 3519/15

## TAXES EMERGING AS MAJOR ISSUE FOR 1985 STORTING ELECTIONS

Oslo AFTENPOSTEN in Norwegian 21 Sep 83 p 3

[Article by Morten Malmo]

[Text] In the time remaining before the next Storting election 2 years from now, tax policy will stand in sharp focus. Today the debate on these issues is in a kind of backwater while awaiting the report of the tax commission, which under its mandate must be presented this year. The two big parties, the Labor Party and the Conservative Party, will probably be the major opponents in this debate and in both parties tax policy will be a central issue when the parties' Storting election programs are worked out sometime next year. How the Conservatives tackle these questions will be of special interest, especially against the background of the strong Progressive Party gains in the last election.

Although under its mandate the tax commission, under the leadership of Leif Aune, must deliver its report in the course of 1983, it is quite likely that it will delay doing so until after the first of the year. The commission has to perform an extensive amount of work. It must not only present proposals on changes in the overall system of personal taxes, fees, supports and subsidies, but also among other things evaluate a change in the social security payments, the division of the personal assets and income of self-employed people, the taxation of real property and differentiation of the value-added tax. Among these things, the question of unlimited interest deductions has been especially controversial. At the moment, little has leaked out concerning the commission's conclusions. But AFTENPOSTEN was able to report on 5 April of this year that the commission was considering proposing a reduced interest deduction by limiting the deduction to real interest, in other words that part of interest payments that exceeded price increases. The commission has also made a concrete evaluation of an upward adjustment of the tax rate on housing to the sales value, eliminating the current system of tax-free bank savings and reducing marginal taxes. Even so there is reason to repeat what we said in April, that it remains to be seen whether these elements are included in the commission's conclusions when the report is submitted. It will also be interesting to see if the tax commission manages to come up with unified plans or whether the report will be "sprinkled" with majority and minority objections.

The Conservatives will consider the work of the tax commission in connection with shaping the party's Storting election program. The Conservative program committee is considering naming a separate committee to work on these matters. But the program draft as a whole must be ready by next August. That is when it must be sent out for "hearings" by the local Conservative organizations. It became apparent at the Conservative congress this year that there are different ideas about tax policies and interest deductions in the Conservative ranks when spokesmen for Conservative Youth were far more "open" to new evaluations than, for example, then chairman of the Storting Finance Committee and current Industrial Affairs Minister Jan P. Syse, who received a lot of applause when he rejected the ideas of an interest ceiling and the elimination of tax-free bank savings. "We need to repair not tear down our tax system," Syse said at the Conservative congress.

The Labor Party's own tax committee is currently studying these matters and this committee is headed by former Finance Minister Ulf Sand, now a director. This committee has representatives from both the Labor Party and LO [Norwegian Federation of Trade Unions] and the committee's recommendations in the form of a debate outline will probably be sent to both LO and Labor Party local groups when it is ready, perhaps as early as this year. With regard to the interest deduction issue in particular, the committee is considering several possibilities. Among them are retaining the current system without changes, eliminating interest deductions altogether, increasing taxes on houses and assets, introducing "slanted" or flat interest ceilings or just giving a deduction for real interest in combination with so-called "index loans," as they have in Denmark and elsewhere in the home financing sector. As far as AFTENPOSTEN has learned, no conclusions have been reached yet by the Labor Party tax committee. However it is clear that the Labor Party will hardly avoid proposing changes, including one on the interest deduction. When work by the LO and Labor Party tax committee began, party secretary Ivar Leveraas said in the party organ, AKTUELT PERSPEKTIV: "It is especially important to do something about the unlimited right to deduct debt interest."

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CSO: 3639/1

## POLL MEASURES PARTY MEMBER SUPPORT FOR CHAIRMEN

Oslo AFTENPOSTEN in Norwegian 23 Sep 83 p 3

[Article by Morten Malmo]

[Text] Some 57 percent of the Norwegian people think Labor Party leader Gro Harlem Brundtland worked well for her party. This appears from an opinion poll the Norwegian Opinion Institute conducted for AFTENPOSTEN. Only one politician got a worse "score" than Gro Harlem Brundtland, namely Hans Hammond Rossbach. Some 44 percent of all respondents said he did good work for his party, the Liberals.

In the last half of August, NOI [Norwegian Opinion Institute] interviewed around 1,000 people over the age of 15 and the institute asked the following question: "Do you think X does good or bad work for his party?" The politicians asked about were Gro Harlem Brundtland (Labor), Hanna Kvanmo (Socialist-Left), Jo Benkow (Conservative), Kjell Magne Bondevik (Christian People's Party), Johan J. Jakobsen (Center Party), Carl I. Hagen (Progressive Party) and Hans Hammond Rossbach (Liberal).

The two politicians who fared really poorly in this survey were Gro Harlem Brundtland and Hans Hammond Rossbach. Some 57 percent of all those asked said the leader of the Labor Party did good work for her party, while 36 percent said she did a bad job. Some 82 percent of Labor voters said Gro Harlem Brundtland was doing well, while 13 percent thought she was doing a poor job. Some 44 percent of all those asked said Rossbach was doing a good job but 38 percent said he was doing poorly. Among Liberal voters, 72 percent gave Rossbach a good grade while 22 percent gave him poor marks.

The other party leaders all got higher marks from all respondents and from their own party supporters. Among all respondents it varied between 65 percent (Johan Jakobsen) and 72 percent (Kjell Magne Bondevik) when it came to getting a "good" grade. We also note that Hanna Kvanmo was the party leader who got the best grades from her own people. A substantial 97 percent of Socialist-Left people thought she was doing a good job. Women rank Gro Harlem Brundtland's efforts higher than men do (61 compared to 53 percent) while Jo Benkow and Carl I. Hagen are more popular among men than among women. The geographic distribution of responses showed that people in Oslo

and Akershus were more satisfied with Center Party chairman Johan J. Jakobsen than voters in the rest of the country. Kjell Magne Bondevik and Jo Benkow also got their best marks in these two counties. In North Norway Rossbach definitely got the worst of it--as many as 51 percent of the people in this part of the country thought he was doing a poor job.

#### Party Leaders Doing a Good Job

<u>Party leader</u>	<u>Percent of Respondents</u>
Rated by all respondents:	
Gro Harlem Brundtland	57
Hanna Kvanmo	71
Jo Benkow	68
Kjell Magne Bondevik	72
Johan J. Jakobsen	65
Carl I. Hagen	70
Hans Hammond Rossbach	44

#### Rated by supporters of own party:

Gro Harlem Brundtland	82
Hanna Kvanmo	97
Jo Benkow	90
Kjell Magne Bondevik	92
Johan J. Jakobsen	92
Carl I. Hagen	95
Hans Hammond Rossbach	73

Around 1,000 people over the age of 15 were interviewed in the last half of this August.

Oslo, 22 September 1983--Norwegian Opinion Institute

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## PAPER EXPRESSES CONCERN OVER GAINS BY PROGRESSIVE PARTY

Oslo AFTENPOSTEN in Norwegian 23 Sep 83 p 2

[Editorial: "Political Lepers"]

[Text] Even people who have followed the Norwegian political debate for a long time cannot remember the kind of vituperative attacks to which the Progressive Party has been exposed. Expressions and labels such as "Fascists," "racists," "reactionaries," "damned nuisance" and "unreliable butchers" have been swirling around. A private individual would have been able to more than fill his pockets as a result of libel suits.

But of course we have to bear in mind that at times and especially in connection with elections, the political debate can become quite heated and there are quite broad limits to what one can say and write, but in this case it looks as if some people feel they have a right to do almost anything.

It may be necessary, for our own safety's sake, to stress once more our lack of enthusiasm for the party in question. There is little, if anything, that would lead us to back the Progressive Party. In particular, the party's social "profile" is alarming. But let that pass for now. What is interesting in this context is the violent excitement and the hateful tone characteristic of politicians from most of the other parties in their references to this newcomer in Norwegian politics. It is obvious that in some quarters support for the Progressive Party is regarded as a danger signal and their idea is that combatting this is a vital task, but we think people are now going much too far. And they are primarily hurting themselves.

For if people are going to agree that the Progressive Party and its supporters are comparable to lepers, one should not stop there. The party has thousands of supporters and voters over the entire country and of course it has a right to demand as a party that it be treated according to the rules that prevail in our democratic society. The party must have the representation that is due under our rules and procedures. Then we should combat this party in the same way as we combat other political opponents.

And then people in the well-established parties, the ones that like to call themselves serious, should give some thought as to whether this partially unexpressed assault on the Progressive Party and its spokesmen is serving any good purpose. When the bounds of fairness and decency are so grossly surpassed, the outcome could be quite different from what one wants. In other words we are concerned that the great importance and emotional attention we are now granting this party, even though in a negative context, might turn out to strengthen rather than weaken this wild flower in our party bouquet. Weak voters could easily be misled into believing that when the good and respectable parties waste so much energy on Carl I. Hagen and his people, it is because they have too little to say about themselves now that the election is over. And that would be a shame.

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## PSD LEADERS CRITICIZE COALITION WITH PS

## Book Goals Explained

Lisbon CONTRA O BLOCO CENTRAL in Portuguese 1983 pp 5-9

[Text] 1. This volume includes speeches by four members of the Social Democratic Party (PSD), all given prior to the appointment and installation of the Ninth Constitutional Government formed by the Central Bloc under the leadership of the Socialist Party (PS) and including members of that party and the PSD.

We have purposefully excluded some texts subsequent to 9 June 1983, which already pertained to government practice, because the purpose of this publication is to document a position adopted prior to the formation of the Central Bloc government and to comment on inconsistencies, weaknesses and hazards.

2. As the collected texts emphasize, the political, parliamentary and governmental agreement reached between the Socialist Party and the Social Democratic Party fails to resolve certain key questions which it could legitimately have been expected and needed to be resolved:

--It did not resolve the problem of the 1985 presidential election, concerning which what is stated is inconsistent, presuming the coexistence of a joint strategy on the part of two autonomous candidates.

--It said not one word about the self-governing body elections in 1985.

--It established no general guidelines for the exercise of their authority by the self-governing bodies elected in December 1982, despite the fact that at that time the Social Democratic Party was a part of the Democratic Alliance (AD), and that after the 25 April 1983 legislative elections, it worked toward the creation of the Central Bloc.

--It made no mention of a foreign policy issue which is "on the agenda"--the global negotiations on the Lajes base problem with the United States, whether or not additional political-military concessions in the autonomous regions and on the continent itself are involved.

--It did not provide for the revision of the General Guidelines for Agrarian Reform Law, which the Social Democratic Party has been demanding since 1978.



--In the end it did not expressly include the amendment of legislation concerning the cancellation of individual labor contracts, which was one of the conditions allegedly made a *sine qua non* of the negotiations held by the PSD.

We mention these matters, but many others might be listed, from the under-emphasis given to the Azores and Madeira autonomous regions to the absolute lack of provisions concerning the overall economic and financial policy adopted, the more shocking since the economic and financial problem precisely was invoked as justification of the national urgency of the Central Bloc solution.

3. The silence or seeming inconsistency of the agreement concerning all these (and other) points is no happenstance, and is merely the result of a clear choice which favors the Socialist Party and without exception does serious harm to the Social Democratic Party.

--What is stated in the agreement about the 1985 presidential election represents the implicit endorsement of certain support by the Social Democratic Party for the candidacy of the secretary general of the Socialist Party, suggesting the future possibility that two candidates may run in the first round purely pro forma. The Socialist Party has a clearly defined strategy for the presidential election, which it is carrying out meticulously (constitutional revision-parliamentary majority for the Central Bloc-socialist president of the republic) while the Social Democratic Party remains a blank on this issue.

--The silence concerning the local elections in 1985 favors the strong party in the Central Bloc, which would in addition have control of the Ministry of Internal Administration.

--The lack of any clear direction on the strategy of the present self-governing bodies allows the Socialist Party to remain isolated from or engage in an alliance with the United People Alliance-Portuguese Communist Party wherever it wishes, while the Social Democratic Party finds itself doomed to the inconvenient inevitability of having to remain faithful simultaneously to the Democratic Alliance on the local level and the Central Bloc on the national level.

--The failure to mention the negotiations on the Lajes base is the more indicative since it is evident that there is a difference of position between the Eighth Constitutional Government, headed by the Social Democratic Party, and the promises made in Washington by the secretary general of the Socialist Party, but never fully set forth in Portugal or to the Portuguese citizens.

--The lack of provisions to alter the General Guidelines for Agrarian Reform Law represents a triumph for the traditional strategy of the Socialist Party, involving lack of definition, ambiguity, an effort to please those on all sides without satisfying any of them.

--The tone of the agreement where labor issues are concerned reflects a serious defeat for the political leadership of the Social Democratic Party,

aggravated by the heat of the National Council meeting on 28 May, when the first vice president of the National Political Commission, Carlos Mota Pinto, began by insisting on clarification of this point, but ended up yielding, by his silence accepting its relative lack of definition.

--The referral of overall economic and financial policies to an independent third party uninvolved in the Central Bloc agreement clearly shows the fragility of that agreement. Negotiated in order to face up to the economic and financial crisis, it said nothing about how to overcome it. The crisis is the pretext rather than the real purpose, which was solely to favor the strategic plans of the Socialist Party.

4. These and other facts (such as the doubt as to whether Carlos Mota Pinto would in fact join a government persuaded of the strategy outlined, or solely out of necessity, uneasily or with mental reservations) explain why, with some postponement, we issued a warning against the weaknesses and the dangers of the agreement creating the Central Bloc.

Even then there was considerable support of the idea that the Central Bloc was a structure defined by the political leadership of the Socialist Party and in preparation since the summer of 1982, with the support of some elements in the Social Democratic Party.

The Montechoro Congress and the formula adopted by the political leadership of the Social Democratic Party fitted in with this orientation. And some of the ambiguities in the party's electoral campaign, from all evidence, were not the product of chance or circumstance, but resulted from the tactic of polarizing votes with language suggesting an alternative to the Socialist Party, with the knowledge even then that the votes would be used to create the Central Bloc. The supreme refinement of this tactic lay in the subtlety of the formula, according to which "electoral success now means triumph in the elections," with the additional proviso that without such electoral success, the Social Democratic Party would go over to the opposition.

The incisive "now" was added after it was known that 25 April 1983 would bring defeat.

And the political leadership of the Social Democratic Party has always widely rejected recourse to a referendum to establish the desires of the party bases. There was time to delay the formation of the government over a period of 5 weeks. There was not time to hear the opinions of the members, which could have been done in 2 or 3 weeks.

A few short months after the referendum has won its statutory approval, it has become obvious that it will only be used when it suits the current political leadership.

To summarize, the Socialist Party succeeded in setting up the Central Bloc, with the helpful contribution of the political leadership of the Social Democratic Party, a leadership which succeeded in waging an electoral campaign on

the basis of generalities and, from all evidence, mistaken considerations as to the policy of alliances, and afterward was afraid of a referendum of the party membership.

5. For lack of better arguments, the last which could be invoked in favor of the Central Bloc would be that it represents the only solid barrier against the Eanist program. And its urgency would be dictated by the need to prevent the immediate political assertion of this program.

We disagree entirely with this argument, but not because we believe that the danger of the attraction of personal power associated with the Eanist project does not exist.

We disagree because the best encouragement of this temptation lies in a political solution as broad as it is mistaken, as vast as it is shaky, as ambitious as it is bloated.

Once again, the expansion of the president of the republic's political field of activity and the concrete implementation of the plans of the defenders of the Eanist program may result from the lack of party foresight, from the pursuit of a solution which is not a solution for the functioning of the system of government.

6. What later came to be known about the composition of the Ninth Constitutional Government, its program and its initial actions confirmed the earlier apprehensions, in a way causing still further concern as to the durability and governing capacity of the Central Bloc.

7. If there is any aspect beyond the program (which is not in question) which could legitimize clearly marked divisions within a party, it is the party strategy in sectors such as the policy of alliances, with effects in the parliamentary, governmental and even presidential areas.

During the electoral campaign we defended the thesis that the Social Democratic Party should not be dragged along by the socialist strategy of the Central Bloc.

Later we insisted that the Social Democratic Party should not be a part of the Central Bloc.

We were democratically defeated within the party. We have accepted this defeat, again democratically, as the opposition we have come to be.

With the establishment of the Central Bloc, the existence of a majority and two minority oppositions became very clear.

We became one of these opposition groups--we were, we are and we will continue to be against the formula of the Central Bloc within the present context of Portuguese political life.

But we are not willing to be confused with the other minority opposition. We are against the formula of the Central Bloc and not just against the way in which it was created or the fact that it was others who created it. We are opposed to all personal power programs, and for this reason we are also against the Eanist program, and we therefore do not agree to seeking, even tactically, the political support lacking on the party level through an "understanding" with the president of the republic.

Let there remain no doubt about our position.

We have nothing to do, nor will we, with an illusory Central Bloc formula. But this does not mean that we feel any closer to those whose opposition is based on a mixture of resentment because of loss of power in the party, frustration because it was others who created the Central Bloc they dreamed of helping to build, and the secret hope of finding a new electoral affinity with Gen Antonio Ramalho Eanes--the common desire of returning to power on the ruins of the coalition now being tested.

8. This having been said, almost everything has been said. It only remains to wish the party majority which has worked and is working so hard for the Central Bloc (from Carlos Mota Pinto to Helena Roseta, and including Eurico de Melo, Victor Crespo and Antonio Capucho) good luck.

This is their moment. That they achieve what they are seeking, for the good of Portugal--that is our desire. If they do so we will be the first to recognize it, with the humility which democracy always imposes.

The wealth of democracy lies in the plurality of opinions and the succession of men, groups and parties in the service of its institutions.

Yesterday's minorities are today's majorities, and the minorities of today may be the majorities of tomorrow.

#### PSD Leadership Hoped For

Lisbon CONTRA O BLOCO CENTRAL in Portuguese 1983 pp 41-57

[Article by Marcelo Rebelo de Sousa reprinted from CORREIO DE MANHAO, 27 April 1983]

[Text] I. The Dangerous Illusion of the Central Bloc

1. The provisional results of the elections for the Assembly of the Republic merit initial contemplation, which has greatly to do with the government formula to be adopted in the near future.

As is natural, it is a question of initial considerations and not an overall assessment, which will be justified after the official figures for the 25 April popular consultation have been published.

2. An initial comment is necessary concerning the general percentage of abstentions. Although this is a relatively low figure--above all if compared with what is usual in democracies long since established institutionally, and if we take into account the successive two elections in a 4-month period--it represents a substantial increase in nonvoters as compared to previous electoral events.

It is very possible that a substantial number of these abstentions represents the Democratic Alliance in 1979, in 1980, and even in the local 1982 elections.

If this were the case, it would be yet another political indication of the concern aroused in that electorate by the government crisis, and above all by the lack of coalition slates competing under the sponsorship of the Democratic Alliance.

3. The electoral triumph of the Socialist Party shows a clear advance in comparison to the results in 1979 and 1980, and also in terms of the results in the recent local elections.

The Socialist Party profited from the crisis in the Democratic Alliance, and it benefitted greatly from the application of the Hondt method which, by definition, favors the political group with the most votes in each electoral district, in terms of deputies elected.

The Socialist Party, and this must not be forgotten, ran for election to govern Portugal, if it triumphed, and it did so without specifying any alliances or privileged government agreements with a given other political party or parties. When urged, a number of times during the electoral campaign, to clarify its policy of alliances, the Socialist Party always stated that, if it did not win an absolute majority, it would then begin, in terms of a referendum, to consult the membership on this issue, subsequently reaching a pact or agreement with the social partners. Finally, it would choose the type of political alliance or agreement it would adopt with regard to the government.

It is a fact that it asserted it would not have recourse again to the formation of minority governments. But this vague statement of principles was never accompanied by a choice or hierarchic ranking of the potential party allies, nor any specific definition of the formula to be adopted to establish the government. In giving electoral victory to the Socialist Party, the people of Portugal obviously wanted to entrust to it the task of governing Portugal. The Socialist Party's avoidance of this responsibility, whatever the alibis set forth might be, inevitably represented a particularly serious form of betraying the mandate given it by the voters.

The people of Portugal could never understand, for example, the blame placed by the Socialist Party on the serious national situation, the risk of institutional conflict or the lack of a receptive attitude toward possible government agreement proposals on the part of other parties.

In participating in the elections as a candidate for the government of Portugal, the Socialist Party certainly already knew what the national situation was, and in any case, it cannot claim that this knowledge was inadequate, since this is inevitably a risk assumed in political and electoral activity in a democracy.

Similarly, the risk of institutional conflict is inherent in the functioning of a democratic political regime. It is to be hoped that it can be reduced or attenuated, but it is impossible to guarantee that no such risk will exist.

And wasn't the Socialist Party the main one to urge and obtain a certain sponsorship of the campaign of the Republican and Socialist Front in the 1980 parliamentary elections from Gen Antonio Ramalho Eanes?

And wasn't the Socialist Party the main one to support his candidacy in the 1980 presidential elections?

This is the right moment for assessing the virtues of past attitudes and deriving lessons for the future.

Finally, the Socialist Party cannot believe that the electoral victory gives it moral or political legitimacy for demanding that any other political party or parties accept its government formula proposals.

This could have been the case if the Socialist Party had presented itself to the voters with a clear political alliance proposal.

Since this was not the case, it cannot hold anyone responsible for what it should have done and did not do. It must govern the country and has the right to be able to do so, but it does not have the right to demand agreement with any government formula in order to make its government viable.

4. Of the two main parties in an electoral position to succeed the Socialist Party, one merits special attention.

It is not the Portuguese Communist Party, which won good results, showing a substantial capacity to define and carry out precise electoral goals, above all within certain limits with regard to the overall volume of its voters.

Nor will we speak, for the time being, about the Social Democratic Center Party, which has been affected electorally by the power of the Social Democratic Party to attract voters, damaged by the loss of its historic leader, who was replaced by a leadership team, and appearing to be the weakest and most subordinate link in the Democratic Alliance and therefore most vulnerable to the weakening of its government and to disappointment with its breakup.

The phenomenon which is politically most important and analytically most interesting with regard to these elections is the Social Democratic Party.

Having taken on a major part of the responsibility in 2.5 years of crisis management, having replaced its leadership at a time just prior to the deadline for nominating candidates, having served as the scapegoat and priority target for attacks from all sides, the Social Democratic Party won a larger vote than was predicted by innumerable polls, and more important, greater than that won in 1976, in the last elections in which it ran alone.

In the view of the most serious analysts of our political class, the Social Democratic Party is an aberration in the party system. It should never have existed and its extinction or breakup is expected at any time.

And yet, the reality is stronger than the theory: it does exist, it survives crises and it is asserting itself as a true force of nature.

In these elections, the Social Democratic Party emerged as the great and only alternative to the Socialist Party.

And this is not only because the socialists attacked its positions--and they did so forcefully--in the government of Portugal.

And it is not only because there is a clear program boundary between the two which explains why the Social Democratic Party is not simply a second class, smaller, slightly sweetened and more moderate socialist party.

And one of Francisco Sa Carneiro's skills was revealed in the way in which he was able to mark this boundary clearly, making it simultaneously a guarantee of the autonomy and of the power of his party.

The vote for the Social Democratic Party was not a vote for a coalition with the Socialist Party, a vote for the creation of the so-called Central Bloc. It was precisely the opposite: a vote for the single substantial alternative to the Socialist Party.

The Social Democratic Party did not win the elections. Thus it must assume leadership of the opposition to the Socialist Party government.

To create the so-called Central Bloc would represent betrayal, essentially, of the vote cast for the Social Democratic Party, and in addition to that, it would transform it from the great rational alternative to an alien government into a dark accomplice of that government and a secondary supporter of the presidential candidacy of the leader of the Socialist Party.

5. The illusion of the so-called Central Bloc should be denounced immediately, because of the naivete and the dangers it encompasses.

It is necessary to state clearly that the Socialist Party has no legitimate justification of any kind for requiring that the Social Democratic Party agree to a government coalition.

It is necessary to emphasize that the officials of the Social Democratic Party cannot ignore the political meaning of the vote their party won or its

distortion to favor the demands of sharing power. And if there are doubts about the intentions of the base levels, let the statutory referendum mechanism be put to use.

It is basic to state that it is one thing to make a socialist government viable, specifically in terms of a government agreement, and it is another and very different thing to move toward the so-called Central Bloc.

It is important to remember that in a democracy it is as worthy and essential a role to be in the opposition as it is to be in the government.

It may even be more important, even if it is more difficult.

The illusion of the so-called Central Bloc is based on an effort to construct a government formula by the party leaderships without consultation of the electorate, whose view of the matter has never been established or heard.

This illusion is designed to guarantee the Socialist Party--or more accurately, a sector of it--insurance against the greater number of risks, with a focus on the goals of subordinating the Social Democratic Party, launching the presidential candidacy of the secretary general, Dr Mario Soares, and guaranteeing that the "morass" will endure.

For such a Central Bloc would be a morass in which ideology would yield to patriotism, alternatives would be specified in group compromises, the nation would be the argument in debate and the pretext for sharing power, but not the basic motivation, the political goal, the ethical imperative.

The national crisis requires political stability, and this presumes unselfishness on the part of the parties, allowing a true government agreement which would in particular face up to the economic and financial situation.

But it is the national interests themselves which require that we abstain from creating hollow myths, empty artificialities, agreements which because of their ambiguity contain only the germs of even more serious crises.

The myth of the Central Bloc does not serve the interests of Portugal. Therefore we are opposed to it and, from this position, we derive all the inevitable corollaries for the future.

## II. "The PSD Was Fenced In"

[Interview with Marcelo Rebelo de Sousa, published with his permission, by Joao Rosa, reprinted from the 13 May 1983 issue of TEMPO]

With the fluency, astuteness and depth which have for a long time now made him one of the most brilliant of the analysts and young politicians in our Portuguese democracy, and for whom, inevitably, a distinguished career within his party and in government itself has been predicted, Marcelo Rebelo de Sousa, who was also the minister



of parliamentary affairs in the brief interim AD government, granted us an interview the day before yesterday which, according to his own assurance, will be the last public statement in the Portuguese political sector preceding a perhaps lengthy period of withdrawal and silence.

As his statements reveal, Marcelo Rebelo de Sousa is in fact frontally opposed to the planned Central Bloc. More than that, he does not even believe in the success of the government which it will produce. And worse still, he fears, as do many people, that this will be the last alternative of the party system, and that following its early demise, a dangerous "presidential messianism" may be mounted on its remains. Moreover, he explained to us how he believes his party was "fenced in" to this solution, which he sees as a possible PS effort to take up its old "Mexican dream" again.

This was a long discussion but we are reproducing it in full, due to the seriousness and depth the man we interviewed gave to the political analysis which his answers comprise. Thus this is really more an interview with the analyst than one with the politician and party leader.

TEMPO: Before we get into the most current issues as such, I would ask of you a brief assessment of your participation in this Democratic Alliance government and, in brief, of the government itself, and even of the Democratic Alliance itself.

Marcelo Rebelo de Sousa: I will try to be very brief, and I would say that where the government is concerned, the most outstanding aspect of the participation in it I may have had had to do, in a first stage, with the exercise of the presidency of the Council of Ministers, which was the duty of the secretary of state of the Office of the Presidency of the Council of Ministers, and the preparations for and presiding over the meetings of the Council of Ministers, particularly the plenary sessions and, on an auxiliary basis, the meetings of the Council of Ministers for Economic Affairs. This allowed me, during a certain period, to maintain contact with the political, legislative and administrative activity of the government, while on the other hand, it coincided with the drafting and approval of a series of measures which, from September 1981 to the spring of 1982, developed in the economic, social, political and cultural sectors.

But I must admit that perhaps the most interesting aspect of my participation in the government had to do with following the process of constitutional revision. Beginning in June, I was able to follow the work in the plenary sessions of the Assembly of the Republic very closely. I was in constant contact with the deputies and parliamentary groups, both those in the majority and those in the opposition, and while the government did not intervene in the process under way, because of the Constitution, there was nonetheless an opportunity to establish points for dialogue and bases for understanding.

The experience of participating in the drafting of the law on the Constitutional Court and the parliamentary discussion on that law and on the Armed Forces and National Defense Law was also interesting.

TEMPO: And what is your personal opinion about the constitutional revision completed?

Marcelo Rebelo de Sousa: In my opinion, the constitutional revision was not as extensive as it should have been, particularly in the economic sector, since in the summer of 1982 the Socialist Party opposed the alteration of these constitutional provisions. On the political level, and where the subordination of the armed forces to the democratic institutions is concerned, if you will, the measures went quite far and the steps which were taken were positive and paved the way for the institutionalization of democracy in our country.

TEMPO: Will this have been the most positive and important achievement of the Democratic Alliance government, or of its exercise of power?

Marcelo Rebelo de Sousa: I believe so. Of course there are other positive aspects, both in the first and in the second phase of government, since there was a clear first stage in 1980, and later a second one, covering the years 1981 and 1982, when the most important aspect was that pertaining to the guarantee of the minimal conditions for political and social stability made possible by the revision of the Constitution.

However I would add another aspect in which important although not always visible steps were taken. This concerns the negotiations with the EEC. These were complex negotiations, particularly since Spain underwent a change of government in the midst of this negotiation process, and several of the member nations of the EEC did not fail to set forth their viewpoints, which in some cases advanced and in others delayed the development of negotiations. But even so, a complex of "files" was completed and presented, and it was possible to get through two phases of negotiation and into the third, and all of this within the space of a year and a half. I think that the steps which were taken in this sector were also positive.

However I would not conceal the fact that in my view, other aspects of the government administration were less positive, for they were closely bound to the simple pursuit of the system in effect, and they made insufficient progress in the realm of major basic structural changes, those required in order to overcome the economic and financial crisis.

As to this last sector, it must not be forgotten that both the end of 1981 and 1982 coincided with an acute international crisis with repercussions on the Portuguese economy, and for this reason, despite the measures adopted, it was not possible to move definitively into the realm of national economic and financial recovery.

As to the Democratic Alliance in general, what I stated various times throughout 1982 could be repeated. I have always believed and still do that,

with all of its defects and despite the crisis which characterized the end of 1982 and the beginning of 1983, the Democratic Alliance represented a positive factor in the development of the Portuguese political system. This was the time of greatest government and therefore political stability since 1974. It was a period in which the amendment of the Constitution occurred and negotiations with the EEC were stepped up, while at the same time it was possible to guarantee some improvements for broad strata of the Portuguese people from the economic and social points of view. This was a period in which the people of Portugal had a clear awareness of the importance of the consistency of an established program, that is that the arithmetic total of votes or seats in the Parliament do not suffice to constitute a government. It is important to have a confluence of program choices in the drafting of a joint plan, which was then approved by the vote of the people of Portugal. And in this, there was a qualitative advance in Portuguese democracy.

For, again in my view, governments are the stronger and have the greater potential for governing countries the less they are the product of ad hoc cabinet combinations arranged after the elections, being instead the result of maturing and discussion preceding the elections, so that the electorate can be presented with a joint government program. I will not conceal that for my part I fear that we may regress, when I look at the prospects for the immediate future in Portuguese political life. This is because in the last elections, there was no Portuguese political force which presented itself to the voters in a position to win a majority, and there was no agreement on majority programs prior to the election. And what we are seeing now is the ad hoc negotiations among parties which ran on different platforms, competing against each other, and which will now attempt to arrange a government program which was not voted in by the electorate, on what I would call the superstructural level.

#### Betrayal of the Referendum

TEMPO: I would go further. In the specific case of the PSD, which is not the case of the PS, this ad hoc agreement was not even supported by the votes of its own members. What has happened to the referendum, which was approved at Montechoro, and was conceived precisely for such a situation following the elections?

Marcelo Rebelo de Sousa: Let me break your pertinent question down into two parts.

The first has to do with the PSD electorate as such. I have already said, and I will say once again now, that in my view at least large sectors of the PSD electorate did not vote for the PSD in order for it to join with the Socialist Party in a coalition. I myself participated intensively in the electoral campaign here in the Lisbon district, and I was able to see that many of the sympathizers with and members and even voters of the PSD gave their votes to the PSD, persuaded that what I said and what I heard many responsible politicians say was true: the choice for the formation of the government was between two prime ministers and two parties. The two prime ministers were Dr Mario Soares and Prof Mota Pinto, and the two parties were the PS and the PSD, for government of Portugal.

Therefore, in choosing one, they were obviously and very clearly not choosing a government including the participation of the other.

The second part of your question is also very pertinent. The referendum plan was adopted at Montechoro as an internal democratic mechanism in the life of the PSD. I think, and I urged at that time, within the party organs and outside of them, that the referendum should have been pursued, so that the base levels of the PSD could say what they thought about the party alliance policy. For three reasons.

First, because the referendum in itself is a tool of participational democracy which supplements the classic tools of representative democracy, and it therefore seems to me that the choice and the decision of the party could be validated by submitting it to the base levels. Secondly, the PSD has defended the referendum in Portuguese public life since 1975. In 1975 it defended it alone. I still recall that in the draft constitutional revision proposed by the PPD [Popular Democratic Party] of that era, we urged a referendum and we were attacked from all sides by people who confused the referendum with a plebiscite, and who charged that the referendum was an antidemocratic mechanism. We think that we should at this time, for pedagogical reasons among others, reassert the importance of the referendum, particularly since we are witnessing a mockery of the referendum within some responsible parties. What the Socialist Party has had is, in my view, anything but a referendum. A referendum requires a secret vote, prior debate, and a complex of circumstances which were not met by the letter of response solicited by the Socialist Party concerning its policy of alliances.

TEMPO: Do you believe in fact that if the referendum on this issue were undertaken within the PSD, the result might go against the political will of the party superstructure to join the PS in a coalition?

Marcelo Rebelo de Sousa: I would say two things in answer to this. The first is that I would not like to take the place of the will of the base levels as expressed in the referendum by making any predictions about the outcome of the voting. Now it is a different thing to say, as I do, that there are those who opposed the referendum due to the fear that its outcome would not favor the concept, which I would call a fixed idea, not on the part of all but of certain sectors of the party, of reaching a coalition agreement with the PS. It is possible that some may have opposed this referendum out of fear that it would yield this result. I do not mean by this that all those opposing it feared an unfavorable result. I simply mean to say that I saw no sufficiently mature argument either of a material nature or having to do with time or suitability strong enough to advise against recourse to a referendum under these circumstances. Particularly since, in the case of the PSD, it can be said that the issue was viewed in a different way from the approach in the Socialist Party.

In the case of the Socialist Party, since it was the party which won the most votes and was called upon to assume government leadership, it could always be said that it already had some generic idea--or should have had--concerning the alliance policy. In my opinion, it has not clarified it adequately and

it did not do so in the electoral campaign. But I believe that the party leaders had such a concept. At Montechoro, the PSD had planned for an alliance policy if it proved to be the leading party. It had not planned, specifically or in detail, for an alliance policy if it was not the leading party. Prof Mota Pinto waged an electoral campaign in which he stated that what he could guarantee was a role in the government if electoral success was won. And on that occasion, electoral success meant winning the election. Today the understanding toward which the political leadership of the party is tending is different from that during the electoral campaign. I agree that it is possible to change criteria and views about what an electoral triumph is in the course of 1 or 2 months, as circumstances dictate. But I think it would have been very desirable, if there was a change of criteria, to have solicited the opinion of the base levels.

#### Majorities and Minorities Within the PSD

TEMPO: But their views were not heard, and this led to a demonstration that the PSD could, at least in the medium time range if not immediately, become the scene of more agitation, more division, more internal clashes in connection with this surprise it has now presented to its membership.

Marcelo Rebelo de Sousa: Concerning this question which I have heard raised by many friends and party colleagues, PSD members and sympathizers, I have already said that on the one hand, I do not think that the unity of the party can be challenged. On the other hand, the clarification now being provided might be very creative in terms of the future. And the two things, strange as it may seem, are not incompatible. On the one hand, party unity. It is pluralism which defines the democratic parties and the discussion we are hearing and will continue to hear within the party is an enriching one. I think that the party will emerge from this discussion strengthened in terms of unity for the future. It is simply that the strengthening of unity occurs through the definition of the majorities and minorities. Many times in the history of political parties, even in Portugal--and the PSD is not the only case here--the majorities and minorities have defined their positions on basically personal issues, questions of leadership.

We have reached a point at which this is a more important issue, more important than that of the leadership on the basis of which a majority and minorities will define themselves. It is a question of a strategic choice. It is a question of a policy of alliances. The only issue more important than this would perhaps be one of a program or ideological nature, which is not under discussion at this time. Therefore, what is happening is that those who opt for the solution which proves to win a majority (let us presume a coalition agreement between the PS and the PSD, as some believe is inevitable) must assume responsibility as a majority, that is to say the responsibilities imposed by the choice adopted. Those who oppose that solution, and I have opposed a PS-PSD coalition solution from the very first, must assume the role of a minority. And as there are no eternal majorities or minorities, the minorities of today may be the majorities of tomorrow, and vice versa. Which means that the strength of the party in the future can be guaranteed by the certainty that those who are opposed to a certain solution today will conduct themselves consistently on the basis of the choice made today.

TEMPO: But was this choice a posteriori?

Marcelo Rebelo de Sousa: This raises an issue which seems to me very important. The fact is I have the impression that the PSD was "corraled" during the electoral campaign by the mass communications media of all sectors, in particular the Socialist Party. It was fenced in, beginning on the night of 25 April, by all of the political forces interested in the formation of a PS-PSD coalition government.

The PSD was forced into a position of inevitable acceptance of the agreement proposed to it. This suited and still suits the CDS [Social Democratic Center Party], which promoted it during the electoral campaign, as is natural. It did and does suit the Portuguese Communist Party, which hopes to derive extensive dividends, particularly in the trade union sector and in the mass media.

And, in my view, it suited the Eanist strategy. That is, those who believe that the president of the republic has something to say once the last PS-PSD party coalition experiment has ended. And it also suits the Socialist Party.

All of these forces, the Socialist Party in particular, began by saying that the other alternatives were less democratic, weaker and less acceptable--I am referring, for example, to the parliamentary agreement alternative--and that there only remained one possibility, a PS-PSD coalition agreement. And such a setting was mounted, and the timing of political development was managed in such a way that the National Council of the PSD had not yet made any statement, but Dr Mario Soares was already speaking on television as if the PS-PSD agreement were inevitable. And socialist sources were already telling the media that informal talks with PSD leaders were in progress. That is to say, before this was even a fact! Before a choice was made, one of the choices was already regarded as a certainty by the media and other political forces. Now I am not saying that in the view of the PSD, this meant a weakening of the overall negotiation position. I am saying something else: this was, in my view, a skillful and subtle way of forcing the PSD toward a certain choice, a clever way of forcing it against the wall.

Against the National Interests

TEMPO: Let us suppose that in this a posteriori discussion of the alliance policy, the majority took the side of those who in fact support and agree with this government coalition with the Socialist Party, at least for the time being. But let us also suppose, as you have moreover said, that the minority opposed to this agreement, at least in the medium time range, gains ascendancy over the other view. Would this inevitably lead to a loss of stability for this future PS-PSD government and political instability for the regime?

Marcelo Rebelo de Sousa: When one moves toward a political solution, it is desirable that the party leaderships have a clear concept of the position of the various parties. In the history of Portuguese politics, we have had the experience of governments toward which the party leaderships have moved with

a certain concept which they have later had to recognize lacked the political conditions to make the implementation of a certain government program viable.

What I have said about the PSD can also be applied to the Socialist Party: just as there are these minorities in the opposition in the PSD, it is possible that there may also be leading factions in the Socialist Party which are not in favor of participating in the government to be formed.

When one advocates a certain form of government, there are apart from the reasons which in my view are the most important ones and in the national interest, also numerous considerations having to do with party interests which must be weighed. The political leadership of the PSD will naturally contemplate the results of the contacts which will be made with the Socialist Party and will submit them to the National Council, voicing an opinion in favor of or against the conclusion of the final agreement with the PS. As I view it, with matters as they stand now, the position of the National Commission of my party is already clearly in favor of moving toward a PS-PSD government agreement, unless it appears totally impossible that the negotiations can be successfully completed. It seems to me moreover that this choice does not serve our national interests. And here we come to the basic point.

The PSD should, along with the Socialist Party, urge a solution involving a parliamentary agreement which would make a homogeneous socialist government or a socialist government with the independents viable.

In a democracy, and above all in a young democracy, the basic national interest involves the guarantee that the party system will be capable of providing believable alternatives in the political development of the nation. That is, it must prevent the alternatives from exceeding the boundaries of the party system, and in particular, focusing on one sovereign body, one individual or a complex of individuals having nothing to do with the party system. And I fear that the adoption of a PS-PSD solution will mean the formation of a government which will exhaust one political alternative, and allow the consolidation of the opposition by the defenders of a certain presidential messianism. It would certainly not be the Portuguese Communist Party or the CDS, however much they may derive an advantage from the political situation, which could set themselves up as alternatives. No. And the alternatives will polarize outside the party system.

The alternative scenario I propose was implemented in Spain for some years, with the minority UCD [Democratic Center Union] in power, and the PSOE [Spanish Socialist Workers Party] in the opposition. It is the alternative of a homogeneous socialist government or one of socialists and independents, made viable by an agreement with parliamentary effects. This solution would allow the passing of previously agreed-upon basic legislation and conditions for stability, among other things for economic and financial recovery, while at the same time it would safeguard the existence of a party alternative in the future.

And it should not be said that this solution is inevitably weaker than a coalition agreement solution. The coalition may be stronger or weaker depending

on the reactions aroused in the public and in the parties which make it up themselves. A coalition challenged by internal factors is weaker than a parliamentary agreement which is peacefully accepted by the component parties.

#### The Task of Sending Mario Soares to Belem

As is evident, this raises another question. The fact is that a parliamentary agreement is not perhaps adequate, in the view of the Socialist Party, for a strategy where the presidential election is concerned. But this is another issue which I do not yet believe has been adequately debated, but which should be.

Just as in 1980 the Socialist Party defended a president, a majority and a government, clearly it wants now to move toward a solution which involves a president (Dr Mario Soares), a majority (PS-PSD) and a government (PS-PSD). And the role of this government, pure and simple, will be to put Dr Mario Soares in the Belem post. I do not say that it is the only goal, because naturally a government is called upon to resolve the national problems. But in strategic terms, in the view of the Socialist Party, this broad majority being sought, this PS-PSD government, with the time schedule the Socialist Party will establish, is designed to allow Dr Mario Soares to capitalize on his position as prime minister and to withdraw at some future time, on the date and under the conditions he deems opportune, in order to run for the presidency of the republic.

As I have already had occasion to say within my own party, I agree that there are those in the PSD who defend this. That is, who believe the PSD should abstain from nominating a presidential candidate and should support the presidential candidacy of Dr Mario Soares. Now let the issue not be avoided. It needs to be discussed.

I, for example, urge that the PSD consider the possibility of having its own presidential candidate. What I do not think should happen is an advance now toward a strategic option, with the PSD coming to its senses later, 6 months from now, when the Socialist Party congress is held, or a year or a year and a half from now, when Dr Mario Soares states clearly that he wants to go to Belem, to say that this was not foreseen.

TEMPO: But would this not be foreseen in the discussions, or are these government coalition talks only for the distribution of posts, once again?

Marcelo Rebelo de Sousa: I think that because of the logic of things, a certain sense of party position and what is at stake in national terms--and even because of the individuals involved, who I think, where my party is concerned, are responsible and naturally cannot be unaware of certain prior issues--it makes no sense to minimize problems as they exist in the talks in progress. These programs include basic program options, the strategy as to the presidential election, the strategy as to the local elections (and I do not know if in the future the political leadership of the PSD will also agree, as to the elections for the autonomous regions), and again, as to certain more important points in foreign policy, such as the negotiations with the EEC and the renegotiation of the agreement on the Lajes base.



Of these points, I would stress, aside from the importance of the presidential election, which I have already noted, the program aspects come first.

The PSD presented itself to its voters, consistent with past positions, as the defender of the opening up to private and cooperative business of sectors prohibited to it by the delimitation law, including banking, insurance, industrial and transportation activities; the revision of labor legislation, including the Dismissal Law and the Time Contracts Law; revision of the legislation currently regulating the public sector with a view to effective equalization and a reduction in the chronic budgetary imbalance, which has not only internal consequences, but also immediate and serious effects on the inequalities in the payments balance. These program points among others must, at a minimum, be safeguarded in any negotiations.

I have been asked if I would be in agreement with the government planned, provided these issues were simply safeguarded. I would say no. The basic reason remains. Naturally, if negotiations were improved, the cost would be minimized. And if the negotiations deteriorate, they would be maximized. But very simply, with greater or lesser costs, in terms of the political regime and the government system, the major cost would still be there. And there is no more skillful, more cautious or more subtle negotiation which could get around this. Just as there is no more skillful, cautious or subtle negotiation which could get around it in other more sensitive foreign policy issues.

And in this connection I am not overlooking one important aspect, for example, which is the renegotiation of the Lajes base agreement. For the government still in office conducted the negotiations in a certain way. It is necessary to know whether Dr Mario Soares agreed to compromises or not, particularly during his stay in the United States of America, and what compromises, pertaining to the conditions or the atmosphere of negotiation. This is in connection with the fact that the PSD cannot, among other things because it has always been a party much concerned about national independence --it cannot casually agree to a certain type of condition or negotiation, or negotiating atmosphere, which it does not believe is consistent with the effective safeguarding of the interests of the people of Portugal. And this is applicable to other foreign and domestic policy issues.

In a word, there is much to negotiate, and there are issues on which I frankly think that the PSD position is a difficult one in terms of negotiation because of the very way in which it has been pushed to the wall by the Socialist Party and by all of the other political groups. But above all, whether the conversations go very well or not so well, what seems to me to be at stake is the guarantee of an alternative which is at this time best adapted to the institutionalization of Portuguese democracy, and therefore to its capacity to face up to the situation created by the economic, financial and social crisis. And this will not occur, in my view, magnificent though the negotiations may be, through a PS-PSD coalition government.

## Possibility of Early Constitutional Amendment

TEMPO: One question which it seems to me has been neglected, either deliberately or otherwise, is the possibility of negotiations with a view to a constitutional amendment based on a possible four-fifths majority, in which the CDS would have to cooperate.

Marcelo Rebelo de Sousa: Concerning this, I have heard talk of two possibilities, some which appear to me to be entirely aberrant, and others which may have some logic, although I confess I do not see very well how the Socialist Party, which will head the process, can accept them.

The aberrant possibilities which I have heard discussed are voiced by some sectors regarded as well-informed by Belem and have to do with obtaining the four-fifths majority of the deputies in the Assembly of the Republic for early constitutional revision, designed to alter the provisions for the election of the president of the republic and to allow his reelection for yet another term. This has been suggested by sectors close to Belem, but it lacks a minimum of logic. It goes against basic aspects of the Portuguese government system. I do not see how either the leadership of the Socialist Party, that of the PSD or that of the CDS itself could give minimal consideration to this type of pressure from General Eanes or his defenders. They, moreover, have launched this idea to sow confusion. It is an idea put forth in order to confuse, since I for my part believe that they are anticipating an important role for themselves in Portuguese political life at the time they deem the PS-PSD government has failed.

The proposal that the four-fifths majority be obtained to allow early revision, among other things in the economic sector, making it possible to deal more easily with certain matters with subsequent effects in ordinary law, a proposal which has been put forth within my party, as well as elsewhere, is a different matter. In other words, the Constitution, because of the stubbornness of the Socialist Party in the summer of 1982, contains provisions which make the alteration of the laws governing our economic system difficult. On principle, I believe that everything which needs to be done to make the situation more viable on the constitutional level is important. I think that if it is not possible to do this on a constitutional level, it should be done as broadly as possible on the level of ordinary law. And it was a pity that the successive proposals submitted by the Democratic Alliance governments, and with substantial sponsorship by the members of the PSD cabinet, did not survive the siftings by the Council of the Revolution and the president of the republic.

## The Danger of the New PS Mexican Dream

TEMPO: But do you believe in the future commitment of the Socialist Party to such a process?

Marcelo Rebelo de Sousa: I do not. Moreover, I must tell you that, as to the negotiation attitude of the Socialist Party, its leadership specifically, I have no great illusions. No party placed in the position in which the

Socialist Party finds itself is altruistic in negotiations of the sort which lie ahead with the PSD. The Socialist Party will inevitably pursue its own interests. And in my view, there is no better proof of the way in which everything has been done with a view to limiting the maneuvering room of the PSD than the way in which Dr Mario Soares, while simultaneously inviting the PSD to join in forming a government, attacked the economic and financial policy of the members of the PSD cabinet. This is the best proof, and what I would call a subtle form of blackmail. It is like saying if you do not agree to negotiate on the terms I deem desirable, well then we will denounce the economic and financial management policy for which you, with whom we want to sit down at the negotiating table, are yourselves mainly responsible. This involves a discrimination, typical of those who want to negotiate but to do so from a position of strength, between different versions of the PSD--that which undertook government administration with the Democratic Alliance, and the PSD which is now, emerging in new form, about to undertake an alliance with the PS.

The Socialist Party is, moreover, characteristically a party which has great difficulty in understanding the meaning of the state. It is a very partisan party, one which adheres to the tradition of the First Republic, in particular the Democratic Party of the First Republic, the concept which holds that once power is won, it is the state. I fear that what we are seeing now is a form of assumption by the PS, in a new way, of what in 1976 was its "Mexican dream," through a majority-government-president of the republic "degree." In 1976, the PS wanted to achieve the "Mexican dream" by governing alone, proudly alone. Now it may want to so identify itself with the state machinery, adhere to the state so closely, using the PSD as a secondary and subordinate element, as to constitute the majority and the government, and exclude the possibility of opposition criticism and an alternative. And to allow us to enter into what I would call "the morass" in which such a broad majority engages in patronage, traffic in influence and forms of pressure that it becomes very difficult to control it within the party system as such. And then where will the people of Portugal turn? They will turn to what seems to them a response which the party system is not capable of providing, for example the messianic appeal of an individual, possibly the president of the republic, or someone who may emerge in the future.

TEMPO: It seems to me that you are in a position of prophesying calamity for your own party, and more than that, for the country itself.

Marcelo Rebelo de Sousa: No. I would not say that. I began by saying that the fact that there are minorities today is the best guarantee of the possibility that those who play the minority role today will in the future have something to say in the search for other solutions.

Naturally, the formation of a PS-PSD government would work toward the elimination of an alternative in the party system.

There, then, the alternative which must be sought becomes something else. Once the failure of the PS-PSD government has been verified--and I must tell you sincerely that I devoutly hope that it will not be--the alternative is

different. I think that there will then be within the PSD sectors which will be able, within the system of pluralism and alternation in power, to accept the results established and to say enough, the experiment was made, it was not productive, it is necessary to seek an alternative, an alternative within democracy in which the PSD has a crucial role to play.

And it is because I have hopes for the future, and because I look to the future in terms of years rather than months, that I am moderately confident. Despite all of the risk, which I foresaw, that when there was talk of a PS-PSD government, the presidential messianists would emerge desiring to set forth their alternatives, I think that there are persons with sufficient capacity, at the base levels as in the leadership, to impose in the future a new strategic direction, a new political dynamics, and to constitute a new alternative in which the PSD will lead, rather than being forced, as it was in the end forced by circumstances, into a position in which it is hard to see it as other than the victim of Socialist Party pressure.

5157

CS0: 3542/227

## PDP STRATEGY FOR 1986 CALLS FOR MOVE TO CENTER

Madrid YA in Spanish 11 Sep 83 p 9

[Text] The People's Democratic Party (PDP) political council yesterday did research on the party's strategy document which reports that the opposition's political leadership has to date given credit to the government by letting it govern, but considers that the time has come to reveal the existence of a democratic alternative to socialism by exerting "a tough, permanent, systematic, constructive and imaginative opposition which is not on bad terms with support to the government on questions of state." The PDP adds that the popular coalition is "the only possibility for confronting socialism with a chance to win the next elections in 1986," and as a result maintains its coalition compromise which includes the candidacy for the presidency of Manuel Fraga's government "whose image the PDP is striving to strengthen in the eyes of public opinion."

However, for the PDP it is essential that each party's identifying characteristics be defined. The PDP states that it cannot be identified as a doctrinal party "nor much less clerical or reactionary," nor even as the political arm of the church, but as an organization which balances basic human values with the presentation of a positive modern message.

The PDP states that it was born as a party of cadres and is moving toward transformation into a mass party. It views as essential politically channeling the concerns of parents' associations, youth associations, independent unions, professional organizations, chambers of commerce and farm organizations, and among the sectors on which action must be taken it places priority on the ideologically moderate urban middle classes, small and middle-level businessmen, small and middle-level farmers, housewives and young students and workers.

## Socialist Disillusionment.

The document refers to "predictable disillusionment" resulting from the socialist government's performance and states that nothing guarantees that such disillusionment will fall directly on one electoral option with an excessively conservative strain, but rather calls for the existence of an option with an unequivocally moderate tendency, socially well connected in society. "Really,"

according to the PDP, "it is almost within our capability to identify ourselves with the political center of this country, which does not mean republishing the UDC."

It is felt that the democratic alternative to socialism must be made up of a composite of three different poles: the conservative or liberal-conservative, embodied by the Popular Alliance, "a thoroughly mature organization"; the liberal-reformist, "with a lower degree of development," and the people's democratic, "a party with democratic-Christian inspiration, represented by the PDP."

The PDP states that it is set up as the third party in Spain, "although at a very considerable distance from the Spanish Socialist Workers Party and the AP," and indicates that its participation in the People's Coalition in the general elections of October 1982 was a significant fact in the results obtained.

The document, consisting of more than 200 pages, will be reviewed in the second national party congress which will be held between June and October 1984. Just yesterday the political council decided to turn over its technical organization to the secretariat general and its political organization to the administrative council, increased by five people: Juan Jose Folchi, Mariano Alierta, Jose Maria Alvarez del Manzano, Jose Luis Ruiz Navarro and Miquel Angel Sanchez Teran. This congress is considered of vital importance inasmuch as, as explained by Oscar Alzaga in a press conference, will mark the end of the party's launching phase and the beginning of a new phase of full internal democracy with no managing committees. Oscar Alzaga was unwilling to specify the PDP's strategy vis-a-vis the debate on the 20th. "The government," he said, "is maintaining extremely tight secrecy on the report which it will be sending to the Congress and the game rules of the debate, which indicates that it wants to play with the advantage, as always." However, the PDP chairman stressed the serious contradictions and poor judgment in the Executive's policy in the field of self-government, society and international politics.

9436

CSO: 3548/508

## REVISION OF MILITARY'S 'GUARDIAN' MENTALITY KEY TO MODERN STATE

Madrid EL PAIS in Spanish 17 Sep 83 pp 9, 10

[Article by Jose Luis Abellan]

[Text] At a time in which thinkers and philosophers talk of the modernity crisis and, as a result, of the need to surpass the characteristic proposals of an era in which the classification "modern" marks the decisive models of collective behavior, it seem behind times to speak of a Spanish modernization plan. However, this is the key concept of current Spanish policy, under whose guidance those who now hold power acceded to it. It is useless to complain that they are not implementing a socialist policy when at no time did they promise it to the country during the electoral campaign. The complaint would be all the more untimely in view of the fact that what Spain needs is to get on with becoming thoroughly modernized, since this is the real key assignment--once more let's use that overworked expression--which bars Spain's road to the future, and let us reflect briefly about this.

First, we'll have to remember what we mean by "modernization," a concept which lends itself to so many judgments and interpretations, and stress that every process of modernization implies a replacement of medieval society and its consequences, former regime, by civilian society in which it has acquired, by being secularized, its own protagonism, by ceasing to be protected by powers which traditionally were granted such protection: mobility, church, army. In a strictly political sense, the interpretation of that protagonism of civilian society acquires no naturalization papers except through the acceptance of the principle of "national sovereignty," and wherever it is cut back, limited or simply protected, we may say that the process of modernization has not attained historical fullness.

In Spain national sovereignty was threatened all during the last century by the presence of absolutism, in its typical Spanish incarnation--Carlism, preservation of national heritage, traditionalism--and was actually damaged by the practice over long periods of taxpayer voting as opposed to universal appeal. But also in the 20th century it has enjoyed good health because the protection of the church and the army separately, if not both, seriously limited not only the principle of national sovereignty but the more elementary protagonism of civilian society. At present, the church seems to have moderated, in spite of their not having completely disappeared, its impulses of

protection and monopoly over the national conscience, but this did not happen with the army which has played the leading role in several foolish armed attempts to control the present political process by violent means. Although the majority of those attempts did not go beyond the preparation and planning stage--only one was acted upon--the threat hangs unmistakably and permanently over the whole of Spanish society. We have very recent information, not by way of less effective confidential sources, that the army is standing watch on a permanent basis as guardian of the national conscience which, in our judgment, is in response to a deep conviction as to its function as trustee of national entities and its self-ascribed mission as watchdog and savior of the homeland. This self-proclamation as protectors of the national destiny is one element of concern in the protagonism of civilian society which of itself complicates the already serious problems which our country is experiencing.

It would seem naive to me in view of such a situation as the one described to maintain an attitude of simple argument of protest in this article. A minimum sense of intellectual and civic responsibility obliges us to make deeper analysis and reflection, because if the Spanish Army has changed between the 19th and 20th centuries from being the institution responsible for national defense and independence to a function as watchful gendarme and protector of domestic policy, this is not due to any simple accident but to deep causes which have produced a serious crisis in the military institution.

The fact deserves deeper reflection on everyone's part than what we are going to devote to it here, and the intent of this article is none other than arousing such reflection since the problem affects all national life, and all we Spaniards are in some way involved in it.

I am going to limit myself in the following to reporting the causes of the situation since only by knowing the causes will we be able to come up with remedies or solutions to it. We must start, for such an analysis, with the qualitative change which took place in the Spanish Army early in the 19th century. With the passage from the old regime to the contemporary period--war of independence--the Spanish Army changed from being the King's armed force to be converted into a relatively independent institution which carries out the basic function of establishment of the new political order: the constitutional monarchy. Actually, the Spanish Army is doing nothing here but perform a function which is the same in every army in agrarian societies in which there is no strong bourgeoisie to provide impetus to the processes of liberation and secularization of a modern society, i.e., being the instrument for setting up the system which we shall call demoliberal. Once that function has been carried out, the army tends to perpetuate itself in that political mission by provoking the traditional tensions between military people and civilian society whose protagonism they have helped to stir up.

The continuity of the coup approach in countries of the Third World thus has its *raison d'etre*, and the examples of Latin American nations are too close for us to be able to forget.



In the Spanish case, the tension was mitigated considerably by the policy of military expeditions and colonial wars which we waged during the second half of the 19th century: expedition to Indochina, war in Africa, campaign in Mexico, annexation of Santo Domingo, war in the Pacific, later in Cuba.... In 1898 the loss of the last overseas colonies again raised the problem with unexpected seriousness; the internal tensions provoked by the army could not be projected outside because there were no longer any colonies toward which such a projection could be carried out; on the other hand, the same international situation has changed so much that successive Spanish governments could allow themselves the luxury of proceeding with a policy in which prestigious military expeditions held such a distinguished place. The fact is that the Spanish Army, with key dates in 1905, 1917, 1923 and 1936, takes on a national protagonism which converts it into the protective conscience of the country--"spinal column of the country," Calvo Sotelo will say--and into the monopolizer of its political life. Thus the transformation which we have described is produced: being an institution in the service of national defense and homeland independence, and so, with an instrumental character relative to policy, it is converted into the monopolizing axis of that policy. However, if those are the causes of the current inbred situation which the army is suffering from, it is more difficult to come up with solutions. At the moment, and we here have no other intention, it seems to me sufficient for us all to become aware of the problem, although to me it is apparent that the way out can be found only through working out an outside projection with energy extremely concentrated in itself. At a time in which Spain is involved in coming to a decision on the matter of NATO membership or not, it perhaps would be good to analyze the repercussions which this might have on the military establishment. In any case, it is apparent that the Spanish Army is faced with a serious institutional crisis, and it becomes necessary to help it to find a way out of it, to find its historic mission by adapting itself to the democratic society in which we live, but in the present situation it constitutes the most serious obstacle to Spanish modernization plans.

9436

CSO: 348/508

## PAPER OUTLINES REASONS LIBERALS CHOSE WESTERBERG

Stockholm SVENSKA DAGBLADET in Swedish 6 Sep 83 p 2

[Editorial]

[Text] To be sure Bengt Westerberg made clear Monday that he only joined the Liberal Party's election committee's press conference to "show himself" and "not to make political declarations."

But this should not prevent one -- at least not an outsider -- from asking why Westerberg has now been nominated so unanimously to the position of party chairman left empty by Ola Ullsten, and also what policy Westerberg stands for.

Bengt Westerberg is therefore "the candidate (Liberal Party)."

There seem to be three basic explanations for why the nominating process in the Liberal Party settled rather quickly precisely upon Westerberg while the other names, Birgit Friggebo, Ingemar Eliasson, Bjorn Molin, Jan-Erik Wikstrom, and some others rather quickly disappeared as alternatives to Westerberg.

1. The election defeat of 1982.

As the culmination of a long series of years of political decline, the Liberal Party leadership began to examine thoroughly the reasons for the voter flight. The result is found in the Liberal Party's so-called crisis commission report, "Fighting Liberalism."

The main thesis presented there in the central chapter 4 is that there are no accidental occurrences that can explain the Liberal Party decline.

Instead, it states clearly: The party line has been unclear, without profile. This applies even to central ideological questions.

## 2. Westerberg's independence.

The person who has listened a little recently cannot help seeing that Bengt Westerberg has avoided falling into any of the many "compromise groups," as consideration of the various positions always implies. There has been a clear, ideologically clear message: market economy in Bertil Ohlin's social liberal vintage has to again become the guiding star for the party's ideological and practical dealings.

With this one has also said goodbye to the geometric line of action that became so destructive for the Liberal Party: not too close to the Moderates, a little to the left, and then a little to the right of the Social Democrats.

But the consensus of opinion within the Liberal Party has obviously been that "now we have had enough" of geometry!

## 3. Lack of interest on the part of the other candidates in becoming party chairman.

To be party chairman is both a physically and psychologically highly demanding job. To take it upon oneself and to be constantly in the spotlight requires not only ideological conviction but also enthusiasm for a constant, "24 hour a day" devotion to politics.

Certainly Friggebo, Eliasson, Molin and some others would have been interested in getting the opportunity to try the fortunes and misfortunes of party leadership. Still, it is obvious that Westerberg, at least recently, went after the position in a different way than the others, probably because he was convinced that he was the one best qualified to further the Liberal Party policy -- or rather to give the Liberal Party ship, among all the sunken rocks, back some of its former strength when the winds blows now from the right, and now from the left.

9124

CSO: 3650/294

## MODERATE'S NEW PARTY PROGRAM, LIBERAL'S CHIEF PROOF OF UNITY

Stockholm SVENSKA DAGBLADET in Swedish 7 Sep 83 p 2

[Editorial]

[Text] In September 1982 Prime Minister Falldin submitted his departure request to the speaker. This marked the end of six nonsocialist years of government, years stamped by disunity and uncertainty. Many thought also that an end had been made to that form of three-party cooperation that characterized these years.

A year later the situation in the nonsocialist area and in the block has changed. But the change has not gone in the direction that might have been expected after the election defeat in 1982. Paradoxically, the three parties came closer to each other even during the six years of government that on the surface was marked by dissention. This process has since continued after the Social Democratic election victory.

Not least in recent days has this process become very clear.

The Moderate program proposal profiles the Moderate policy more strongly than before. At the same time, the profile and its concrete form indicate the necessity for a widening. The Moderates cannot just call for savings when a program of action is to be drawn up. The party is therefore forced to describe what will happen after the savings and how the tasks will be solved as they are solved less and less by the constantly saving state.

The Moderate program is getting a strong social stamp. In this it meets the feelings and moods in the other nonsocialist parties. When the Moderate policy is developed to its final consequences, it is not frightening. On the contrary, it opens up for cooperation.

On the same day that the program proposal is presented, the Liberal Party's election committee announces that it is presenting Bengt Westerberg as the new party chairman. His former opponents have withdrawn.

With this, ten years of uncertainty on the Liberal Party's position should be over. Ever since Helen's takeover as party leader, the voters have been

confused about the party's strategy. For good reasons, the voters have guessed that the Liberal Party's basic strategy has been to take over a balanced position that would enable cooperation with both the right and the left. The nomination of Bengt Westerberg puts an end to this uncertainty. Clearly, without any reservations at all, Westerberg rejects the possibilities of cooperation with the left in the foreseeable future. Everyone knows that it is an honest statement. All understand naturally also that the selection of such a person is a conscious method of coming to just this clear definition of position.

The Moderates are widening their policy. The Liberal Party is clearly defining its nonsocialist position. At the same time, Thorbjorn Falldin and the Center Party have rejected more clearly than perhaps ever before the Social Democratic wooers. In the final debate in the Riksdag last spring, Falldin talked about the Social Democratic invitations as a "joke." When Falldin uses such a word, it is not to get headlines or to win a debate point. He and his party had, as early as last spring, written off cooperation with the Social Democrats.

In spite of the six nonsocialist years with all the troubles they brought both to the parties and to their voters, the nonsocialist block today is closer together and more consolidated than at any time in the past decade.

Among Social Democrats, the reason for this unity is thought to be as much the funds proposal as anything else. This is often thought to be true also in the Center Party and the Liberal Party. But actually it is wrong. The funds symbolize what is impossible in the Social Democratic social model. But this does not apply just to the funds. It applies to the whole social model. During six nonsocialist years of government, the three nonsocialist parties and their leaders realized that they were administering a social model that was collapsing bit by bit.

After a year, the nonsocialist parties and the politicians who worked together in the government are beginning to get a good perspective of their previous activity. One feeling is growing strongly among them. Never again will a nonsocialist government try to administer a Social Democratic social model.

The experiences in government have given a deep insight into how the country should not be taken care of. From this grows the opposition to the funds, but also agreement on a new nonsocialist policy. Bengt Westerberg stands for this unity. It permeates the Moderate program proposal. And it supports a large part of Thorbjorn Falldin's political engagement.

9124

CSO: 3650/294

## BUSINESS LEADERS POLLED ON VIEWS OF NONSOCIALIST CHAIRMEN

Stockholm 7 DAGAR in Swedish 9 Sep 83 p 8

[Article by Ulf Wickbom: "Industry Has Most Confidence in Westerberg"]

[Text] In the U.S. the phenomenon is called the "bandwagon effect." Everyone joins the victorious candidate.

When the Liberal Party's election committee met at the end of the week at a secret place (in Alvsjo outside of Stockholm), Westerberg's victory wagon suddenly got very crowded.

The election committee's chairman, Lennart Olsson, could report that even the other candidates Bjorn Molin and Birgit Friggebo joined the chorus of congratulations that sang his praise in every way.

Only one member of the election committee was of a different opinion. Birgitta Rydell from the Liberal Party's Youth Organization, FPU, remained in favor of Bjorn Molin. The FPU's new chairman, Maria Leissner, and the other young liberals have said clearly that they have more faith in Molin's middle profile than in Westerberg's three-party ambitions.

Bengt Westerberg quickly rejected the FPU's position as a typical childhood disease in politics. He had himself had a touch of it during his time in the Youth Organization.

"Twelve years ago when I sat there I felt as Maria Leissner does," he said.

But the FPU now seems to stand completely alone at the roadside. Westerberg's bandwagon has gotten both the church and industry as passengers and a cheering section.

He has -- unexpectedly -- received strong support from the Liberal Party members in the religious communities of Vasterboten and Jonkoping -- in spite of the fact that he himself is a confessed atheist.

"I don't have a real answer for why I don't believe in God. But I don't," he said.

## Industry's Favorite

On the other hand, he believes wholeheartedly in the market economy. His time as an undersecretary in the budget department gave him a good name among industrialists and bankers. After the change in government he has, among other things, built up MAS, Market Economy's Alternative for Sweden, and has at the request of the Industrial Association written a little "savings book" (approximate price 100 billion).

Bengt Westerberg is one of industry's big favorites in politics. This is shown in an investigation that Eureka Research conducted for 7 DAGAR. Bengt Westerberg has even more confidence among industrialists than the leader of the Moderate Party, Ulf Adelsohn.

Eureka Research has a so-called deputy vehicle that sends questions every week to 100 industrial directors or their deputies. They represent Sweden's 3,000 largest concerns.

During the period 29 August to 1 September the question was put to the firms about their confidence in a number of politicians, among others, Westerberg, Adelsohn, and Molin.

There are more directors who have "very great confidence" in Adelsohn than for the other two.

But Bengt Westerberg collects the most followers if one puts together those who have "very great" and "fairly great" confidence.

Ulf Adelsohn follows closely. This gives support to the assumption that they will become cooperative partners and bitter rivals for votes.

But both Westerberg and Adelsohn have a low confidence rating with industry, according to Eureka Research.

## Bohman Beats Everyone

Gosta Bohman received the confidence of about 80 percent of the industrial leaders in a similar poll a few years ago.

One reason for the low figures today for the nonsocialist leaders may be that the Social Democratic government's economic policy has had good results for industry.

Another explanation may be that industrial organizations have much more faith in themselves in the debate on the problems of modern society. The Swedish Employers' Confederation itself is leading the fight against the labor organizations with a view to the large demonstration 4 October when the national congress opens.

Bengt Westerberg will not be able to observe this demonstration from the Riksdag building. He is not a member. This will be one of his handicaps when he is elected Liberal Party chairman at the special national congress 1 October.

His other handicap is the strong economic profile. Bengt Westerberg will spend time in the near future traveling around the country speaking on social liberalism in the spirit of Bertil Ohlin.

"To clean up the Swedish economy is to express social responsibility. Those who oppose this don't know what they are talking about," is a typical Westerberg statement.

For the time being this seems to be having a good effect among small farmers in Vasterbotten and in the large cities. But he also knows that Liberal Party leaders have an unusually short honeymoon of opinion.

Industrial Leaders Confidence in Three Politicians  
in Percent

	Ulf Adelsohn	Bengt Westerberg	Bjorn Molin
Very great	19	16	1
Fairly great	32	46	19
Fairly little	34	24	38
Very little	12	11	31
No opinion	3	3	11

9124

CSO: 3650/294



## LIBERAL PARTY PREOCCUPIED WITH PERSONALITIES

Stockholm SVENSKA DAGBLADET in Swedish 6 Sep 83 p 2

[Editorial]

[Text] The biggest surprise up to now in the Liberal Party's nominating process is Bengt Westerberg's victory over Bjorn Molin in Goteborg, that is, on his opponent's field. On the other hand, it lies in the nature of the situation that the party's social counsel would prefer Ingemar Eliasson and that Stockholm, where the party's collapse is greatest and where one can ask oneself whether the Liberal Party actually exists as a local political force, barely recommended Birgit Friggebo.

Naturally it is a strength that a leading candidate appeared in this way. But this does not mean that there is complete agreement in the preference for Westerberg. It would be completely unreasonable and not in agreement with the party's character as an assembly place for groups with quite distinct values. What therefore is so surprising is that Jan-Erik Wikstrom's name disappeared so completely from the picture. It is surprising because to some extent he stands out over the party's groups.

Within the Liberal Party there has always been a tendency in critical times to substitute personality for politics. An offshoot of this was the election of Pehr G. Gyllenhammar and Hans Cavali-Bjorkman to the party leadership without it being able to prevent the collapse in 1982 in the election campaign.

In a party such as the Liberal Party, the chairman -- no one has been able, of course, to take over Bertil Ohlin's once so unifying role -- is easily joined to a political attitude, a stamp of a certain direction. The Liberal Party's great danger in the present position is that one will concentrate on the person and forget the substance of politics. In an attempt to overcome this dilemma, the foremost candidates have said that there are only political nuances separating them.

It is about the same as jumping from the frying pan into the fire. If only nuances separate them, then of course they are all representatives of that policy whose credibility was so undermined that the election catastrophe could not be avoided. The new leader's task will be to create unity both inwardly

and outwardly, actually two conflicting tasks. For the first one requires a position in the middle of the party, combining liberalism with human kindness and market economy. At any rate, there is time for an outward softening of the profile.

The once -- to cite Gunnar Helen -- important young generation in the Liberal Party, those responsible for the debacle, liked a policy of slogans. It must be recognized that the slogan of the 1940's was a good one: social reforms without socialism. In our grim economic climate this can only be filed away.

To take up the empty room, Bengt Westerberg is trying his luck today as a slogan machine. Now it is not reforms but "social responsibility without socialism." Again this seems remarkably easy. If one wants to be a little mischievous, one can say that Westerberg fell into an area that has for a long time been kept safe and secure by the Moderates. Or, as was stated in the Conservative program of 1934:

"It (the Conservative Party) demands that social assistance be given such a form that personal responsibility is strengthened and economic growth is not hindered."

But certainly it was a far-seeing conservative whose ideas Westerberg tried to give the form of a slogan!

9124

CSO: 3650/294

## REPORTS OF SUSPECTED SOVIET SUBMARINE INTRUSIONS CONTINUE

## Claim Sub Used Electronic Deception

Stockholm SVENSKA DAGBLADET in Swedish 21 Aug 83 p 7

[Article by Roger Magnergard]

[Text] The submarines that played hide-and-seek off Ut Island in Stockholm's southern archipelago in September 1980 probably used false target devices to deceive the Swedish Armed Forces. That is what SVENSKA DAGBLADET has been told by Comdr Roderick Klintebo.

The first of the two submarines, which are suspected of being Soviet, was discovered on 18 September. They were hunted by Swedish naval forces right up to the beginning of October. Depth charges were dropped on several occasions.

It was during that incident that the Armed Forces first noticed the intruding power's new tactic. Instead of disappearing as soon as they were detected, as before, the submarines were now beginning to hide in different temperature layers inside Swedish waters.

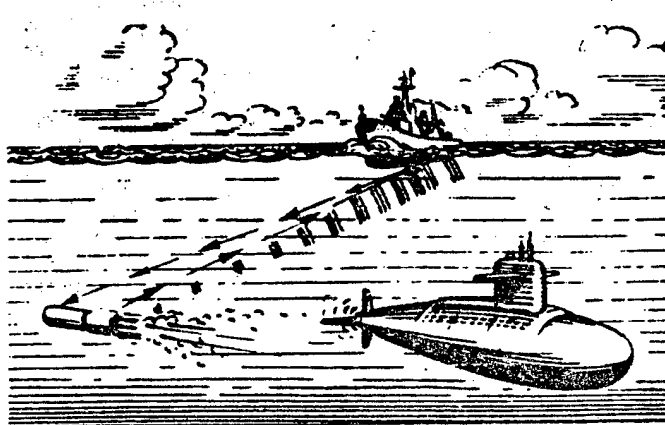
Suddenly the submarines were refusing to leave our waters, despite quite a number of warning depth charges.

Comdr Roderick Klintebo, who commands the 1st Submarine Fleet, says: "It is possible that the intruding submarines used countermeasures at that time to mislead our hydrophones and Dopplers."

He has listened to the tape recordings of the contacts that were made with foreign submarines at the time, and he says that "there are signs indicating that they used false target devices."

The Armed Forces have long been aware that the big powers, especially the United States and the Soviet Union, have large arsenals of countermeasures.

Klintebo says: "With today's technology, it is possible to send out a small torpedo that intercepts the hydrophone signals and gives the sub hunters false information about the submarine's movements."



Ett skenmål lockar till sig uppmärksamheten från den anfallande ytfarkosten. Ubåten får någon minut på sig att byta position. detta är en teknik som finns i dag och kan ha använts mot svenska försvaret. Teckningen är hämtad från en sovjetisk populärvetenskaplig bok — "Ljud i havet".

Foto: IVA-Nytt.

A false target device draws the attention of the attacking surface vessel to itself, thus giving the submarine a few minutes in which to change position. This technology exists today, and it may have been used against the Swedish Armed Forces. The above sketch was taken from "Sound in the Sea," a Soviet popular science book.

According to Klintebo, it is possible for those torpedoes to influence magnetic fields placed on the sea floor. They have been used in particular against known magnetic fields and mined areas of a permanent nature.

"The torpedo can be adjusted to travel at the speed of a submarine and transmit reply signals matching those of a conventional submarine."

Klintebo does not want to say whether that is what happened in Slada Bay off Aln Island during the Sundsvall incident last spring, when two small mines were exploded following a magnetic indication.

"But a mine explosion gives a submarine the minutes it needs to slip through the mined area and hide outside the magnetic lines. Because the water is so disturbed, it is impossible to identify any definite echoes right after the explosion."

What was probably used during the Ut Island incident, however, was a so-called transponder, in Klintebo's opinion. A transponder is a small transmitter that can stay on the submarine or be placed in the water. It intercepts Doppler signals and sends them back—but with false information about course and speed.

Roderick Klintebo says: "That countermeasure is used when one wants to break off the submarine search because it is getting too inquisitive and one needs a few minutes in which to find a more secure position."

Large antisubmarine systems are the countermeasure against those false targets. The big powers are beginning to learn to tell the difference between false and true targets. But as fast as the technology for detecting false targets is developed, new dummies also appear.

The Swedish submarine fleet itself has a given arsenal of countermeasures and false target devices. But their type and number are a secret.

Another method of detecting intruding submarines is to compare previously recorded sounds of known underwater vessels with the sounds picked up in Swedish waters.

#### Civilian Divers To Be Used

Stockholm SVENSKA DAGBLADET in Swedish 21 Aug 83 p 6

[Article by Roger Magnergard]

[Text] Two civilian projects--involving divers wearing armored diving suits and three-dimensional underwater TV--may give the Swedish Armed Forces considerable help when damaged submarines or those hugging the bottom are located.

An armored diving suit provides a covering to protect a person working under water. A British prototype of the suit called "Jim" has been tested by Comdr Ulf Edman of the Submarine Office at the Defense Materiel Administration (FMV).

The suit is designed with arms and legs. Under the feet are 18 kilograms of lead to hold the diver on the bottom. Pressure inside is the same as that of the atmosphere, meaning that the diver does not have to go through the troublesome process of returning to the surface by stages.

#### Guided From Inside

Work at great depths is carried out by "gripping claws" that are guided from inside the suit.

Edman says: "If the diver suddenly feels ill during the dive, he releases the lead weights and floats to the surface like a cork. If a gripping claw gets caught on something, that too can be disconnected."

A diver in such a suit can remain active for between 24 and 36 hours. The air is purified within the suit.

It is also possible to attach a propeller to the suit, allowing the diver to search the sea floor easily.

Ulf Edman says: "This suit has not been tested for active submarine hunting, however. Its chief military purpose is to send experts down to a sunken or damaged submarine that has already been located on the bottom."

#### Expensive Suits

The British and U.S. navies have both bought armored diving suits. They cost between 1 and 2 million kronor each. The Swedish Armed Forces have tested the suit but have not reached a decision to buy any.

In recent years the Defense Research Institute (FOA) has developed a underwater system of three-dimensional TV. The equipment will be used in remote-controlled vessels equipped mainly with instruments for working under water.

#### Effective Viewfinder

The technique involves the stereoscopic technology that already exists. Two cameras take separate pictures of the same object. The object is then shown on a polarized monitor screen, which the operator views through special glasses.

The technology is designed primarily for use on oil platforms, but it can also be used militarily.

Jorgen Lexander, head of division at the FOA, says: "With three-dimensional depth vision, it is much easier than with ordinary TV to investigate damage to a submarine lying on the sea floor. But as a tool for searching in Sweden's cloudy waters, the 'stereo camera' is far too ineffective."

#### Paper Demands Government Explanation

Stockholm SVENSKA DAGBLADET in Swedish 26 Aug 83 p 2

[Editorial: "Plain Language on Submarines!"]

[Text] It has not been 4 months since the Submarine Committee submitted its report. But it feels as though more time than that has passed. The interest and involvement in antisubmarine measures appear to have diminished. It is true that new incidents are being noted in the mass media. But the response is beginning to become routine.

This development inspires great concern. There is an element of familiarity, and that familiarity itself is a threat to our capacity for psychological defense.

Why are we in danger of growing accustomed to the situation? There are two chief reasons:

The first reason is that the submarine hunts have been fruitless.

The second reason why people are losing interest in submarine incidents and running the risk of growing accustomed to them is that the government and the

Armed Forces are handling information about these intrusions in an unsatisfactory manner.

In its report, the Submarine Committee emphasized the importance of providing "as much information as possible" as an essential element in the openness that must characterize our security policy.

The committee itself displayed commendable openness that deserves imitation. But since then there has been silence, both from the government and from the Armed Forces.

The searches off Tore were officially concluded last Monday, but there has been no full report on what was done, what it was possible to find out, or what conclusions were drawn.

The search around Aln Island ended a couple of months ago. There has been no report on that search, either.

In view of the new submarine incident that may be developing now off Karlskrona, one thing ought to be made clear. The submarine incidents must not be allowed to come to nothing. The Armed Forces must report on what has been found or not found as a result of their investigations. Openness is an essential condition for people's involvement and the credibility of the Armed Forces.

#### Attempt To Sabotage Sub Net

Stockholm SVENSKA DAGBLADET in Swedish 1 Sep 83 p 6

[Article by Roger Magnergard]

[Text] One of the submarine nets in the Karlskrona archipelago was sabotaged late Tuesday evening by an unknown man. A telephone cable from the camp set up for the sentries guarding the Hassl Island Bridge either broke or was cut at the same time.

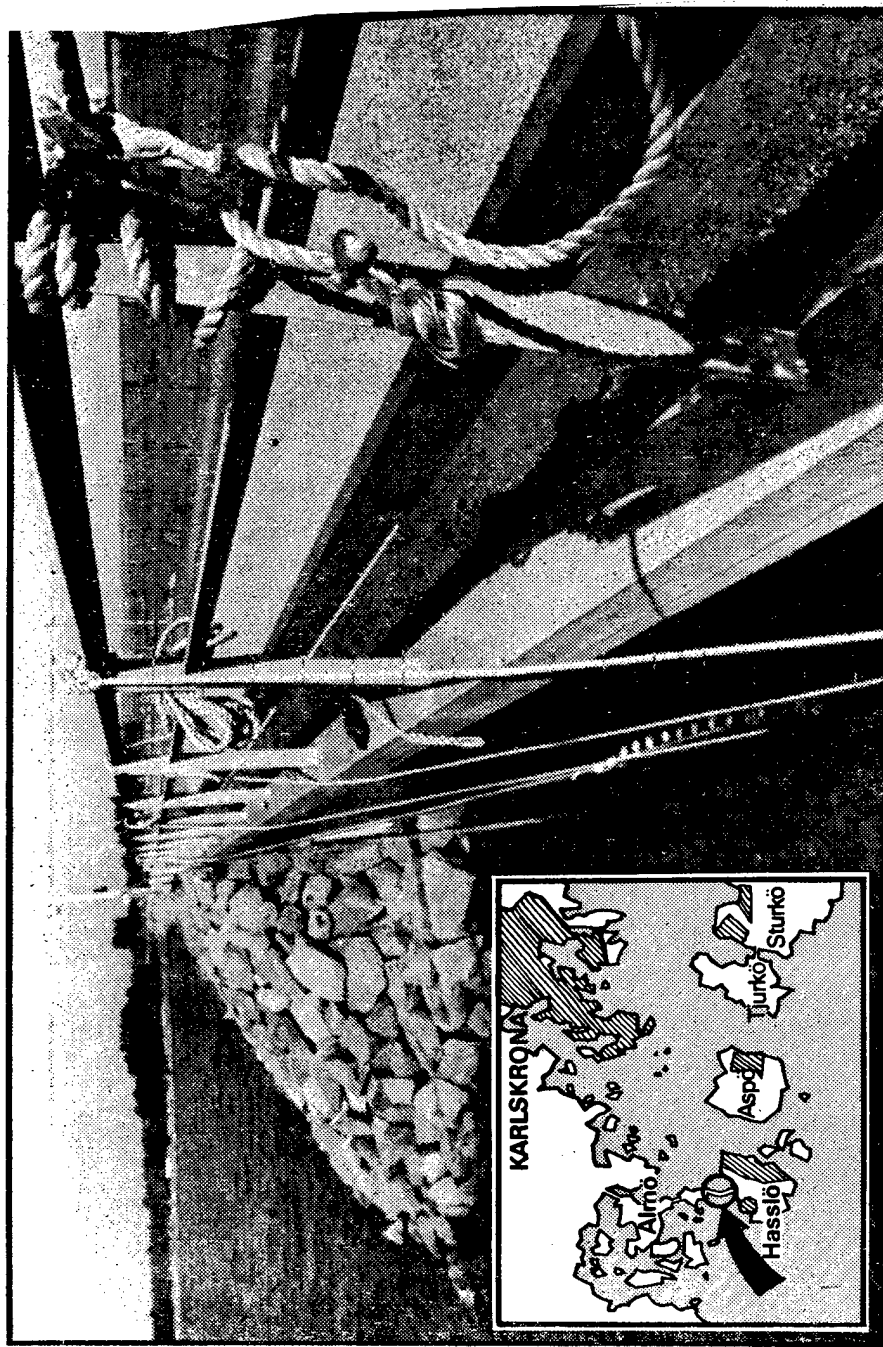
It was the submarine net under the bridge between Hassl Island and Alm Island that was sabotaged. The Hassl Island Bridge is a swing bridge over the western channel leading out from Karlskrona. Past the sound is the open sea.

The water under the bridge is deep enough for a submarine to escape into the open sea without surfacing at that point. That is why the Armed Forces installed a submarine net under the bridge in connection with the current search for a possible foreign submarine in the Karlskrona basin.

#### Metallic Sound

The bridge was being guarded on Tuesday evening by six conscripts and one officer.

At 2145 hours, a sentry on the bridge pier had to change batteries in a radio. The sentry at the net was helping him.



One of the pieces of rope used to hang the submarine net from the Hassl Island Bridge railing was untied by an unknown man late Tuesday evening. He was pursued by a conscript, but managed to get away.



While they were working, they heard a metallic sound from the net. The sentry climbed up a ladder to the bridge. Fifteen meters away, in the light of his flashlight, the conscript saw a man who had untied one of the ropes holding the submarine net.

The man turned around and ran north toward the mainland. The soldier called out in rapid succession: "Halt!" and "Halt or I'll shoot with live ammunition!"

But by the time he had finished yelling, the man was 50 meters away. The soldier did not dare fire his submachinegun with its live ammunition in the dark. He felt there was a danger of hitting some part of the man other than his legs.

#### Dogs Called in

But police and the military were summoned by radio. A dog patrol picked up the man's trail, but the trail ended at the water's edge at the bridge abutment.

The man had succeeded in untying the four pieces of rope with which the net was attached to the bridge. He presumably had used a sharp object to cut through the steel wires.

Karlskrona Detective Superintendent Ake Hansson said: "The saboteur must have been working on the bridge for at least 10 minutes."

Immediately after the sabotage, it was discovered that the telephone cable from the soldiers' tent encampment had been broken. It is possible, however, that one of the soldiers had severed the line by accident while searching for the saboteur in the darkness of the night.

On Wednesday the police had found no trace of the saboteur.

Hans Gustav Wessberg, staff editor for the Defense Staff in Stockholm, says: "We take a very serious view of sabotage. Luckily, the attempt failed because the net was supported by the floats on the water's surface."

#### No Misconduct

According to Wessberg, the sentry was not guilty of misconduct by not shooting.

"His orders are to shoot if he himself or the object he is assigned to guard is in serious danger. In this case, the sabotage had already been committed."

Several defense sources contacted by SVENSKA DAGBLADET on Wednesday are convinced that the sabotage was not carried out by a person working for a foreign power.

The opinion is that the sabotage was committed by a man with sympathies for the country from which the confined submarine--if any--is presumed to have come.

The navy is continuing its search for a foreign submarine in the Karlskrona basin.

## Sabotage in Tore

The Armed Forces have also been the target of sabotage in connection with the antisubmarine efforts in Tore Bay off Kalix, where a telephone line from the mountain rifle unit's base on the shore of the bay has been cut three times.

The Security Police have not arrested anyone for that sabotage.

In connection with the Sundsvall incident, objects resembling periscopes were launched, thus drawing resources away from the real search. They are also considered to be a form of sabotage.

A centrally placed source in the Security Police says: "So far we have not succeeded in catching any of the saboteurs. Naturally, we take a very serious view of such incidents. They obstruct the defense of the country, and in a way, they jeopardize the country's security."

A person convicted of sabotage is sentenced to prison for a maximum of 4 years. Serious sabotage results in imprisonment for at least 2 and not more than 10 years or, if the crime is regarded as very serious, life imprisonment.

### Telephone Line Used in Sub Hunt Is Cut

Stockholm SVENSKA DAGBLADET in Swedish 2 Sep 83 p 7

[Article by Omar Magnergard]

[Text] "The telephone line leading to the sentry post on the Hassl Island Bridge was not cut by mistake while the soldiers were chasing the saboteur on Tuesday evening. It was cut with pliers. On Wednesday morning."

Karlskrona Detective Superintendent Ake Hansson is completely sure of his point.

On Thursday, something else was discovered that further confused matters: someone got into a temporarily abandoned sentry tent and stole a submachinegun magazine with 36 rounds of live ammunition.

Ake Hansson said: "Luckily, no weapons disappeared. The soldiers were carrying those with them."

### Intensified Guard

The military have now beefed up their surveillance of the bridge and of Alm and Hassl Islands. Last night, police patrols with dogs were also there.

At the same time, the Armed Forces are continuing to search and monitor the Karlskrona basin. The work is being headed by the commander of the naval base. Ships, helicopters, and divers--as well as the submarine nets--are still there.

## Saboteur Escapes

It was on Tuesday evening that the sentries on the bridge heard a metallic sound. The pieces of rope holding the submarine net had been untied. A person was seen running away in the dark. The soldiers were unable to catch him.

The alarm was sounded. A dog patrol picked up the saboteur's trail, which ended at the water's edge. It is therefore probable that he fled in a boat.

When the soldiers from the sentry post returned to their tent on Wednesday morning--they had been working on the submarine net from the bridge--they discovered that someone had been there. First the cut telephone line was found, then the theft of the submachinegun magazine.

Ake Hansson wondered: "What should a person really believe? If someone is playing jokes, he is doing something exceptionally stupid. And if someone is helping a foreign power, we will see to it that his help comes to a stop."

The water under the bridge is 14 or 15 meters deep--quite enough to allow any submarine trapped in the bay to slip through.

## Submarine Alarm in Vaxholm

On Thursday, the Armed Forces received a report from the Vaxholm archipelago concerning a sighting by three people on a pier at Ekholmen. Helicopters were sent out, and a number of other steps were taken. Defense installations are in the vicinity.

H.G. Wessberg of the Defense Staff confirmed that a "water phenomenon" had been reported and that the investigation was continuing.

## Approval for Purchase of Sub Hunting Gear

Stockholm DAGENS NYHETER in Swedish 2 Sep 83 p 6

[Text] The Swedish Armed Forces are going to get a new sub hunting system.

The government instructed the Defense Materiel Administration (FMV) on Thursday to procure such a system abroad.

The antisubmarine system consists of a new type of hydrophone buoys--known as sonobuoys--that are placed in position by helicopters. The buoys pick up sounds in the water and transmit them by radio to a receiving set.

11798

CSO: 3650/287

## DEFENSE MINISTER THUNBORG FEELS PRESSURE AS SUB HUNTS FAIL

Stockholm 7 DAGAR in Swedish 9 Sep 83 pp 4-6

[Text] Submarine incidents have become everyday occurrences. Many simply shrug their shoulders at the submarine chases in Karlskrona. At the same time, a West German politician warns Sweden: the Soviet Union is testing in every way Sweden's will to maintain its freedom.

Two images from Sweden in the beginning of September 1983. At a peace meeting in Stockholm Olof Palme, Lennart Bodstrom, and international top politicians sit to discuss "mutual security."

Far into Karkrona's archipelago "Operation Mutual Insecurity" is taking place. The Swedish navy is again chasing one or more foreign submarines in a military sensitive area. It is not long from here that the Soviet submarine U-137 ran aground with its "almost certain" cargo of nuclear charges.

On 1 July of this year Sweden introduced new regulations for hunting submarines. Foreign submarines discovered submerged in inner Swedish waters will be forced up to the surface without previous warning with the use of whatever weapons necessary.

Sundsvall, Tore, Karlskrona -- time after time the Navy says it is chasing foreign submarines. Up to now, the chase has been without result.

Sweden stands before a difficult dilemma: to gradually begin to become accustomed to more intrusions of Swedish territory -- or to be forced to use the force necessary to maintain neutrality.

At the Peace Research Institute's meeting in Stockholm there was the concern that "mutual security" could become an arbitrary security of the superpowers. Alois Mertes, deputy foreign minister in West Germany, belonged to those who doubted the new mutuality: "As far as the North is concerned, it seems to me after having talked to friends in Sweden and Norway as if even here there is a tendency on the part of the Soviets to test whether Sweden and Norway are ready to give in on this or that question," he said in an interview with DN.

## Thunborg's Dilemma

The many indications of foreign submarines are going inexorably toward a dilemma in foreign policy. First of all it is Defense Minister Anders Thunborg who must deal with the reports, rumors, the lack of results, and the faulty resources.

On Wednesday, Anders Thunborg visited Karlskrona. This visit had long been planned and had nothing to do with the present tension. Thunborg informed himself of the submarine hunt, but did not want to make any further comments.

He is planning a full statement within the coming weeks. Also, he has received a report from Forces Commander Lennart Ljung on the submarine incidents in spring and summer. After this, the government and the Foreign Office will be informed of the content.

Only then will Anders Thunborg answer questions from the press on foreign submarines and their purpose in foreign waters. 7 DAGAR has just had a number of written questions to the defense minister returned without comment.

But when Anders Thunborg steps out in the spotlight in a few weeks to answer questions from the press, he will probably have thought through the following question:

Will the chase for foreign submarines be stepped up further to make it effective, or will one continue as up to now with insufficient resources?

After the Submarine Commission's sensational report on Soviet mini-sub in Harsfjarden outside of Stockholm, the Swedish armament industry speeded up. New "mini-bombs" and other "incident weapons" started to be produced at break-neck speed, and this fall some of them will be installed on submarine chasers.

Also, starting 1 July of this year, tougher regulations against foreign submarines have been in effect. The big change in comparison to previous years is that "force of arms may be used without previous warning." It is therefore all right from now on to attack a foreign submarine directly without the preceding gentlemanly warning that previously gave a submarine great possibilities to hide itself in time.

The thought behind the new weapons and the stronger regulations was that the Swedish defense forces should have greater possibilities of forcing a foreign submarine up to the surface. Weapons that blow a hole in the hull would force the submarine captain to surface or drown.

## New Intrusions

It should be pointed out that the intention is not to sink the submarine, but there are naturally great risks that this will be the effect if the crew does not give up.

The government promised therefore a more definite position against foreign submarines, but the submarine intrusions have continued and the Swedish navy's ability to prevent them is nonexistent.

As early as spring and early summer a lively debate took place on Sweden's credibility as a neutral country if we couldn't prevent intrusions into our territory. The tone of the debate intensified, and there were some who said freely that at least one sunk submarine was necessary to maintain Sweden's credibility as a neutral nation.

It was here that Defense Minister Anders Thunborg felt called upon to enter the debate. In an article on the first page of DAGENS NYHETER he said:

"We must be careful of doing what so many have done in the submarine debate -- of overemphasizing the military side of the policy of neutrality... But if foreign powers continue to send in submarines into our archipelagos, we will in this case put in all the firepower the situation calls for."

Many naval officers are experiencing increasing concern today about the continually failing submarine chases. It does not help that they know that there are few who are successful in forcing up a submarine in time of peace. They are concerned that credibility in the Swedish defense of neutrality will diminish with every unsuccessful submarine chase, both in the eyes of the Swedish public and of those abroad. At the Readiness Center for Psychological Warfare, one said to 7 DAGAR that there is naturally this danger in the long run, but that it takes time before the confidence is undermined.

"We are Learning"

Commander Sven Carlsson of the naval staff in Stockholm sounds trustworthy, however, when he says: "I don't think this will go on for years. If the intrusions continue, we will sooner or later get hold of a submarine, either force it to the surface or destroy it. We learn every time we go out on these intrusions."

Have the new tougher regulations on submarine hunting not had any effect at all?

"It is clear that the chances have increased that we will get a submarine with the new rules, but they are still very small," the Liberal Party defense expert, Chief Editor Hans Lindblad of GAVLE DAGBLAD said.

"The new regulations probably have no great practical effect, inasmuch as they began to be used to some extent temporarily as early as during the Harsfjard chase. One can say that they have a more declaratory significance, a statement of Sweden's position. They also have a certain significance as legal grounds for the use of various types of weapons," Peace and War Researcher Wilhelm Agrell said to 7 DAGAR.

The new regulations have not changed the resources for fighting submarines to any great extent -- possibly one can say that the technical resources have been improved somewhat. But one must not forget what Naval Chief Per Rudberg said after the Submarine Commission's report:

"We have been confronted with a completely new technology and with completely new tactics. We must adjust to this, and this cannot be done overnight."

When Anders Thunborg has digested the report of the forces commander on submarines, and when he goes out to meet the press, he will possibly think about Lennart Ljung's words in an interview in SVENSKA DAGBLADET in August:

"The intrusions are a reminder that little brother is to get used to big brother's playing on little brother's territory. This is an extraordinarily serious aspect of the matter."

9124

CSO: 3650/294

## MINISTER TO STUDY INCREASING PENALTIES FOR ILLEGAL FISHING

Stockholm SVENSKA DAGBLADET in Swedish 3 Sep 83 p 7

[Text] Sweden will increase the penalty for foreign fishermen found with stolen fish in Swedish waters. The fines that Swedish judges can levy will be on a level with what is practiced in the other Nordic countries.

"We are working hard on a survey of the legislation," Agricultural Minister Svante Lundkvist said when he spoke Friday at the Swedish Fishermen's National Organization (SFR) yearly congress in Alingsas.

Changes will come as quickly as possible.

## Hard Criticism

Criticism of the Swedish measures against illegal fishing has been strong both from professional fishermen and from leaders in the fisheries. While Swedish fishermen are punished by severe fines even for minor violations in Denmark and Norway, Danish fishermen, for example, have been able to make good catches in Swedish waters and make a profit even after paying the fines.

It is not at all unusual for foreign vessels to fish in Swedish waters without permission. Since 1978 the Coast Guard has observed a good 9,000 foreign fishing vessels in the Swedish zone. Of these only 700 have been hailed and checked.

A good 300 boats, most of them Danish, have admitted fishing without permission, Svante Lundquist said. This year there have been about 140 cases.

Many times the fishing boats have refused to sail to Swedish harbors when they were discovered by the Coast Guard.

## Refused to Come Along

The fact that only 700 of 9,000 vessels were stopped shows another fault, the professional fisherman think.



The effectiveness of guarding the coast must be increased, according to Jens Eriksson, Chairman of SFR. There are people and material here but their wings are clipped and they cannot perform the tasks that our neighboring countries accomplish with such effectiveness that they sometimes go too far.

As far as the fines are concerned, Sweden had hoped at first to be able to settle the question by negotiation.

"We have wanted to negotiate with the other Nordic countries to harmonize the legislation," Svante Lundquist said.

"But it didn't work. We were ready to change the rules either way in order to achieve uniform judgments."

9124

CSO: 3650/294

## ENVIRONMENTAL IMPACT OF ELECTRICITY PLANTS UNCERTAIN

Lisbon O JORNAL in Portuguese 16 Sep 83 p 38

[Article by Clara Pinto Correia: "Portuguese Power Plants Not Backed by Adequate Research"]

[Exerpts] An expert in biological oceanography by the name of Jean-Marie Peres came to Portugal to talk about his special field. One of the questions raised is at the very focus of the major options to be adopted: What good or bad can we get out of the thermoelectric energy which we will produce on a large scale within a little more than a year?

Regarding Portugal's thermoelectric power plant which is already in operation in Sado, Professor Jean-Marie Peres said that no preliminary study whatsoever has been conducted and that it is therefore difficult to come up with any reliable data regarding its impact on the environment, something which is currently being analyzed by a team from the LNETI. The question is different regarding the coal-fired power plant now under construction in Sines which in its final phase will have four reactors, producing a total capacity of more than 1,000 Mw--the first of which should be operational between 1984 and 1985.

"Contrary to what the correct procedure should be, " he said, "the site was selected by the engineers and construction was started--and only then was a team of Portuguese oceanographers invited to prepare an environmental impact study."

The team recently submitted the data that were obtained. In Sines it did what had never been done before in Portugal, that is, the so-called definition of the "zero state": The entire marine stratification of the zone was studied thoroughly, from the plankton to the fish, with a detailed description of all existing organisms and of the complex equilibrium and energy transfer relations which would develop among them. A second part of the study--regarding which the team does not yet know whether or not it will be assigned to it by the EDP [Portuguese Electric Power Company]--will involve a precise observation of the changes in this equilibrium such as they are introduced by the progressive entry into operation of the four reactors.

"The heat spread produced by a power plant is not only the sum of the partial impacts of each reactor," Jean-Marie Peres recalled. "This development must be carefully watched. The responsible enterprise must give the oceanographers the money and the materials necessary to do their work to the end. And when they reach the final phase, there must be a period of surveillance of at least 2 years."

The deadline dictated by experience with the French power plants is 2 years. Mechanical problems can come up, for example: There are cases, in Marseille and along the English Channel, involving storms that destroyed water pumping stations, sweeping the filters away. "In one of these cases it was necessary to shut the reactors down immediately."

#### Thermal Pollution

Other problems will also have to be watched. "While, as it seems to me I might assume, the rise of the intermediate water along the coast of the Iberian Peninsula is still less active than what it was several years ago, there may be a temperature rise higher than expected. These are still rather little-known long-term variations, such as the drought in the Sahel or the floods in Brazil --phenomena which have to do with very powerful environmental factors in relation to which we cannot say much and which have a periodicity of about a century. The technicians in my laboratory were in Sines in 1981 and confirmed that, at least at that time, the rise almost did not exist."

The process is usually called "upswelling": The sea provides dynamic impetus for life in its interior through the rise of water masses involving the lowest layers and going all the way to the surface, bringing with them an increase in the wealth of nutrients and species and permitting a drop in the temperature. Even allowing that it is now going through a phase of inactivity along our coast, the Portuguese oceanographers did not fail to register the fact that Sines and Peniche are the two zones initially chosen for the construction of power plants, in other words, the areas where a more intensive "upswelling" has been registered and is considered to be directly responsible for great fish wealth. It is this fish wealth that appears inevitably threatened by the heat spread released by a power plant, drying out the water from the place where it is dumped after having been used in the reactors--even though, according to the most optimistic estimate of the engineers, its expansion would be controllable and the drying-out would not result in a difference of more than 1° C in relation to the original conditions.

The question is not only to figure out how many species would adapt to that change. It so happens that, from the microscopic animal and vegetable organisms, which constitute the zooplankton and phytoplankton, all the way to the fish that furiously beat their fins as the trawlers bring them to the pier in seething boxes, a complex chain has been developed which would thus be upset. The major increase in the phytoplankton level, called "blooms," happened regularly under normal conditions in the spring and fall; this is followed by the "bloom" of the zooplankton which reaches its maximum value a little later. A change in the water's heat stratification could drastically alter these events. And the sea's entire productivity is very closely tied to them. Heat pollution

is the same thing. It always happens that a nuclear or thermoelectric power plant--and in this case it uses fuel or coal--employs masses of water--sweet water, brackish water, or salt water--to cool its reactors.

#### Mussels in the Filter

In addition to that, one of the members of the team of oceanographers that studied the Sines coast recalled, a power plant would also create recurring problems that could also interfere with this delicate balance such as the change in the position of the sediments and the topography of the entire zone due to the construction of piers. It is known that the criteria for the choice of Sines and Peniche were the relative remoteness of the areas from the major population concentration between Lisbon and Algarve in the case of the first of them and between Lisbon and Coimbra in the case of the second one. Viana do Castelo and Figueira da Foz follow on the list of assumptions according to this same line of reasoning. But one must take other factors into account, according to the scientists. "In the light of what I know about the Portuguese coast, which is normally quite windy, there would at least be better places than Sines," Peres said.

Since we must preserve all this fish wealth, we also run into the problem of "fouling": The organisms that settle in the interior of the water intake and outlet pipes which diminish the suction capacity of those pipes and which can even clog the filters. Mussels, for example, are experts in this kind of mischief. The process currently used for their removal--the power plant operating at Sado uses it regularly--consists of huge and violent washings with large quantities of chloride and oxygenated water. It does not take much to imagine the bad effects deriving from this on the environment.

All of these factors must be taken into account.

#### Some Inconveniences

In his opinion, there is no question that the power plants could perhaps not be constructed.

"Ecological concerns are perfectly legitimate but cannot hinder progress. We must draw up a balance sheet of that which is positive and that which is negative and we must try to pick the least harmful solutions because we are going to keep needing energy. In some places it will be possible to build small power plants, with a capacity of 15,000 v, to serve some of the smaller regions, but in other cases we will have to put up even huge power plants, with a capacity of 400,000 v, from which we will necessarily have to run big high-voltage cables. We know that all of this not only disfigures the landscape but also hurts agriculture. But we must not fool ourselves and we must realize that it will always be necessary to accept some inconvenience in order to get energy. We have to know how to handle this inconvenience, we must inconvenience correctly and with maximum benefit. It is indispensable and obligatory for every country to draw up a general and detailed plan of its energy policy. Does not Portugal have one?"

In Portugal there is at least an obligation by law to prepare a local construction study in order to figure the possible impact. But the choice of sites is exclusively up to the EDP which then assigns the studies--a short week of analysis has already been conducted at Figueira and at Viana, pointing to the first assumption as being preferred; but lengthy studies will be necessary before we can arrive at a final conclusion.

5058

CSO: 3542/223

## FIRM'S IMPREGNATING PLANT POISONS SOIL WITH ARSENIC

Stockholm DAGENS NYHETER in Swedish 15 Sep 83 p 18

[Article by Matts Dahlstrom: "Arsenic Soil to the Dump"]

[Text] Dalecarlia, Wednesday--The residents of Falun now risk having to be encumbered for all time with deadly toxic arsenic soil at the impregnating plant of the Telecommunications Agency in Kallviken south of the city.

Next week the Falun municipal government will discuss a proposal for bringing the Kallviken arsenic to the Varggarden municipal dump. Experts believe that the arsenic will be rendered harmless there by the addition of lime and ferrous sulfate.

If the municipal government approves the proposal, the authorities will let Skanska Cementgjuteriet, which owns the contaminated Kallviken soil, pay for a detailed study on how the cleanup and depositing at Varggarden should take place. Skanska Cement will also be forced to pay for the permit application which is required for the Varggarden project.

Negotiations between the giant Telecommunications Agency and Skanska Cement companies concerning who is actually to pay for the cleanup have not yet led to any results.

Skanska Cement believes that the Telecommunications Agency has a moral obligation to clean up after itself, while the Telecommunications Agency maintains that Skanska Cement is too late with its demands.

The Falun municipality also has a great financial interest in rapid removal of the arsenic from the Kallviken land, since it intends to purchase the area and even has a permit to expropriate it. Moreover, the arsenic leakage continues at the Telecommunications Agency facility in Backa east of Falun, which is now operated under dispensation from the regional government, it appears from a fresh report to the environmental protection unit of the regional government.

11949

CSO: 3650/302

## RESEARCH TO BEGIN ON AIRBORNE POLLUTANTS FROM BRITAIN

Stockholm DAGENS NYHETER in Swedish 15 Sep 83 p 18

[Article by Lasse Johansson: "Instead of Filtering: Millions Allocated for Research on Acidification"]

[Text] It is not just sulfur that rains down on us from industries in England. Now there are also heavy showers of research millions, which are at least as unwelcome as the acid precipitation.

On the Swedish side there are suspicions that the money is just a way to postpone for another few years the more expensive measures of filtering the discharge from industry in Great Britain.

It is the English equivalent of the Waterfall Agency--the Central Electricity Generating Board (CEGB) and the National Coal Board--which has appropriated nearly 60 million kronor for studying the effects in Scandinavia of the English discharge of sulfur.

This is a great deal of money. The Nature Protection Agency has only 8 million at its disposal for acidification research each year. This sudden generosity is particularly surprising, since the CEGB has long been known for having denied all connection between acidification here and discharge from British industries.

## Ugly Trick

"A clever but ugly trick," says the acidification expert of the Nature Protection Agency, William Dickson, in the agency's publication MILJOAKTUELLT.

"The British research millions probably originated in order to delay the decision for direct measures against acidification."

William Dickson is of the opinion that we know sufficiently much about the causes of acidification. We do not need more research but action.

The CEGB is the largest producer of electricity in Great Britain and utilizes both nuclear power, hydroelectric power, coal, oil and gas. The company is responsible for 50 percent of the sulfur discharge in the country.

It is the three academies of science in Great Britain, Norway and Sweden which are to determine how the money will be used. The fund established by the English power companies for acidification research will support projects which study life in Scandinavian lakes and how it is affected by the acidification. Studies will also be made on what effect a reduction of sulfur discharge from England would have. If British industry were to live up to the Swedish demands for reductions in discharge, it is expected to cost 400 million pounds, considerably more than the 5 million now invested for research.

11949

CS0: 3650/302



## DEBATE ON PROCESSING OF HAZARDOUS WASTE ENTERS NEW PHASE

Stockholm DAGENS NYHETER in Swedish 23 Sep 83 p 28

[Article by Anna-Maria Hagerfors: "Now Begins the War About Our Hazardous Waste"]

[Text] The transportation of and destruction of environmentally hazardous waste has been a problem up to now. But now this activity is becoming so profitable that there is a real war about who is allowed to make money on it. Industry and the truckers feel threatened by state-run SAKAB [Swedish Waste Conversion Inc.], which recently got a contract for all of Stockholm's hazardous waste.

Will the government and the municipalities have a monopoly on picking up and destroying environmentally hazardous waste? There is much indication of that, after "Environmental Minister" Ulf Lonnkvist called on the municipalities to sign contracts with SAKAB, which is expected to begin operating at full capacity by the turn of the year in the controversial facility in Norrtrorp in Narke.

"Many cleanup and transportation companies have now acquired competence and resources for handling environmentally hazardous waste and are thereby creating employment. But now the storm clouds are gathering." This is what the representative of the transportation association, Sten-Olov Hellgren, said at a conference on toxic waste arranged by the Industry Association in Stockholm on Thursday.

#### Various Models

It is not only SAKAB which causes concern on the business side. As many as 200 of the country's municipalities have not yet determined which model to use concerning transportation and treatment of waste.

Those who have decided chose various models: Stockholm thus intends to leave both collection and treatment to SAKAB. Goteborg transports its toxic waste to various destructions facilities itself. Vasteras has a municipal company as a middleman and hires independent transport companies.

The fact that SAKAB is now regarded as a threatening, government competitor is because nowadays there is big money in both transportation and treatment. A large portion of the hazardous waste can be reused in the form of sought-after raw materials.

Of the total of 488,000 tons of environmentally hazardous waste produced in the country each year, industry now takes care of the largest share, either within the companies or by those which have specialized in reprocessing. The municipalities take care of 20 percent, and the SAKAB only 10 percent.

#### Tougher Times

"Tougher times are ahead for industry. At the same time as SAKAB starts up, practically all export of environmentally hazardous waste will be halted. The conditions for burning at sea will become more stringent. There will be a cutback of industrial permits for dealing with one's own waste," director Dietrich Timm from the Industry Association said.

"Since there is no serious criticism today of the way industry is dealing with its own waste, these restrictions can have only one purpose: To create as much waste as possible for SAKAB," he maintains.

Dietrich Timm said that SAKAB has a poor starting position and poor economy, since the Norrtorp facility has turned out more expensive than anticipated. But SAKAB's precarious position must not lead to locked-in situations, which are unfair to environmental protection, he said.

Director Karl-Axel Hjelte, SAKAB, replied:

"On the contrary, the results are very favorable. We already have an activity which will yield 300,000 tons of waste annually. And furthermore we have a whole year's worth of production in storage."

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END